

Hakuhodo DY holdings

# Consolidated Financial Highlights

## 1 H of Fiscal Year Ending March 31, 2014 (1 H of FY2013)

2013.11.07

# Cautionary statement concerning forward-looking statements, Note concerning audits

This presentation includes forward-looking statements concerning forecasts of operating results, business plans and policies, management strategies, goals, plans, numbers involving the future, views and evaluations of facts, and other items associated with Hakuhodo DY Holdings and its group companies. These and other statements that are not historical facts represent forecasts, expectations, assumptions, plans, views, evaluations and other positions of management based on information available when this presentation was prepared.

To prepare figures used for forecasts and predictions, confirmed facts from past activities have been combined with certain assumptions that are essential to formulating forecasts and predictions. Due to the nature of these facts and assumptions, there is no guarantee of their accuracy from an objective viewpoint or any guarantee that future events will occur as presented in these forward-looking statements.

The following is a list of some, but not all, risks and uncertainties that may prevent these facts and assumptions from being accurate from an objective viewpoint or from becoming a reality in the future.

- (1) Risks associated with the advertising industry in general (changes in the advertising industry climate due to fluctuations in the economy, changes in business practices and other events)
- (2) Risks associated with revisions of laws and regulations
- (3) Risks associated with advertisers and media companies (the need to respond accurately to shifts in needs of customers and other entities the company does business with)
- (4) Risks associated with competition (competition with other advertising agencies, companies newly entering the industry and others)
- (5) Risks associated with the expansion of business domains resulting from structural changes in markets
- (6) Risks associated with conducting business on a global scale
- (7) Risks associated with lawsuits and similar actions

Billings by industry, billings by service area, and highlights of operating results at major subsidiaries were not audited by the Company's independent auditor.

# Consolidated Financial Highlights for 1 H of FY 2013

# Consolidated Financial Highlights (1)

Despite the initial outlook of lower earnings on higher revenues, we achieved higher earnings on higher revenues in the first half, with first-half operating income setting a new record

◎ **Billings: ¥505.3 billion, up 2.2% year on year**

Thanks to strong growth of billings in the second quarter, first-half billings were largely in line with forecasts.

» By industry:

Billings increased in Automobiles/Related Products, Finance/Insurance, and Government/Organizations.

Billings declined in Home electric appliances/AV equipment, Transportation/Leisure, and Foodstuffs.

» By service area: Sharp growth particularly in TV ad spots and Marketing/Promotion in the second quarter.

First half “Mass media services subtotal” slightly declined, while “Other than mass media services subtotal” was up by 2.9%.

◎ **Revenue: ¥87.3 billion, up 5.7%**

◎ **Gross margin: Up 17.3%, or 0.6 of a percentage point year on year**

The gross margin improved mainly as the Group continued to increase its internal production ratio in production operations, in addition to efforts to raise profitability by Group companies.

◎ **SG&A Expenses: Up 4.4% year on year**

Continued to enhance business structure, promoted strategic cost expenditure, and SG&A expenses were controlled in line with the year's plan.

◎ **Operating income: ¥12.9 billion, up 14.3%, or ¥1.6 billion**

With higher gross margin and controlled SG&A expenses, first-half operating income was the highest ever, surpassing the previous record of ¥12.4 billion in FY2007.

◎ **Net income: ¥7.3 billion, up 18.2%, or 1.1 billion**

Net income rose by 18.2%, partly reflecting improvement in extraordinary gains.

# Consolidated Financial Highlights (2)

(Millions of yen)

	1 Q of				2 Q of				1 H of			
	FY2012	FY2013	YoY comparisons		FY2012	FY2013	YoY comparisons		FY2012	FY2013	YoY comparisons	
			Change	(%)			Change	(%)			Change	(%)
Billings	247,479	246,437	(1,042)	-0.4%	246,856	258,912	12,056	4.9%	494,335	505,350	11,014	2.2%
Revenue	39,552	40,780	1,228	3.1%	43,042	46,552	3,510	8.2%	82,594	87,332	4,738	5.7%
(Gross margin)	(16.0%)	(16.5%)	(+0.6%)		(17.4%)	(18.0%)	(+0.5%)		(16.7%)	(17.3%)	(+0.6%)	
SG&A expenses	35,358	36,991	1,633	4.6%	35,874	37,354	1,479	4.1%	71,232	74,345	3,113	4.4%
Operating income	4,194	3,788	(405)	-9.7%	7,168	9,198	2,030	28.3%	11,362	12,986	1,624	14.3%
(Operating margin)	(10.6%)	(9.3%)	(-1.3%)		(16.7%)	(19.8%)	(+3.1%)		(13.8%)	(14.9%)	(+1.1%)	
Non-operating items	727	399	(328)		518	594	76		1,245	993	(251)	
Ordinary income	4,921	4,187	(733)	-14.9%	7,686	9,792	2,106	27.4%	12,607	13,980	1,373	10.9%
Extraordinary items	(70)	(157)	(86)		(284)	1,233	1,516		(354)	1,075	1,429	
Income before income Taxes and minority interests	4,850	4,030	(819)	-16.9%	7,402	11,025	3,622	48.9%	12,252	15,056	2,803	22.9%
Net income	2,159	1,299	(859)	-39.8%	4,038	6,029	1,990	49.3%	6,197	7,328	1,130	18.2%

(Operating margin = Operating income / Revenue)

Dividend per share									40	60 (yen)		
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# Consolidated Financial Highlights (3)

[Original forecasts as of May 9, 2013]

(Millions of yen)

	1 H of		
	Original forecasts as of May 9, '13	YoY comparisons	
		Change	(%)
Billings	504,000	9,664	2.0%
Revenue	84,500	1,905	2.3%
(Gross margin)	(16.8%)	(+0.1%)	
SG&A expenses	74,000	2,767	3.9%
Operating income	10,500	(862)	-7.6%
(Operating margin)	(12.4%)	(-1.3%)	
Non-operating items	1,100	(145)	
Ordinary income	11,600	(1,007)	-8.0%
Extraordinary items	(500)	(145)	
Income before income taxes and minority interests	11,100	(1,152)	-9.4%
Net income	5,700	(497)	-8.0%

[Result for 1H of FY2013]

(Millions of yen)

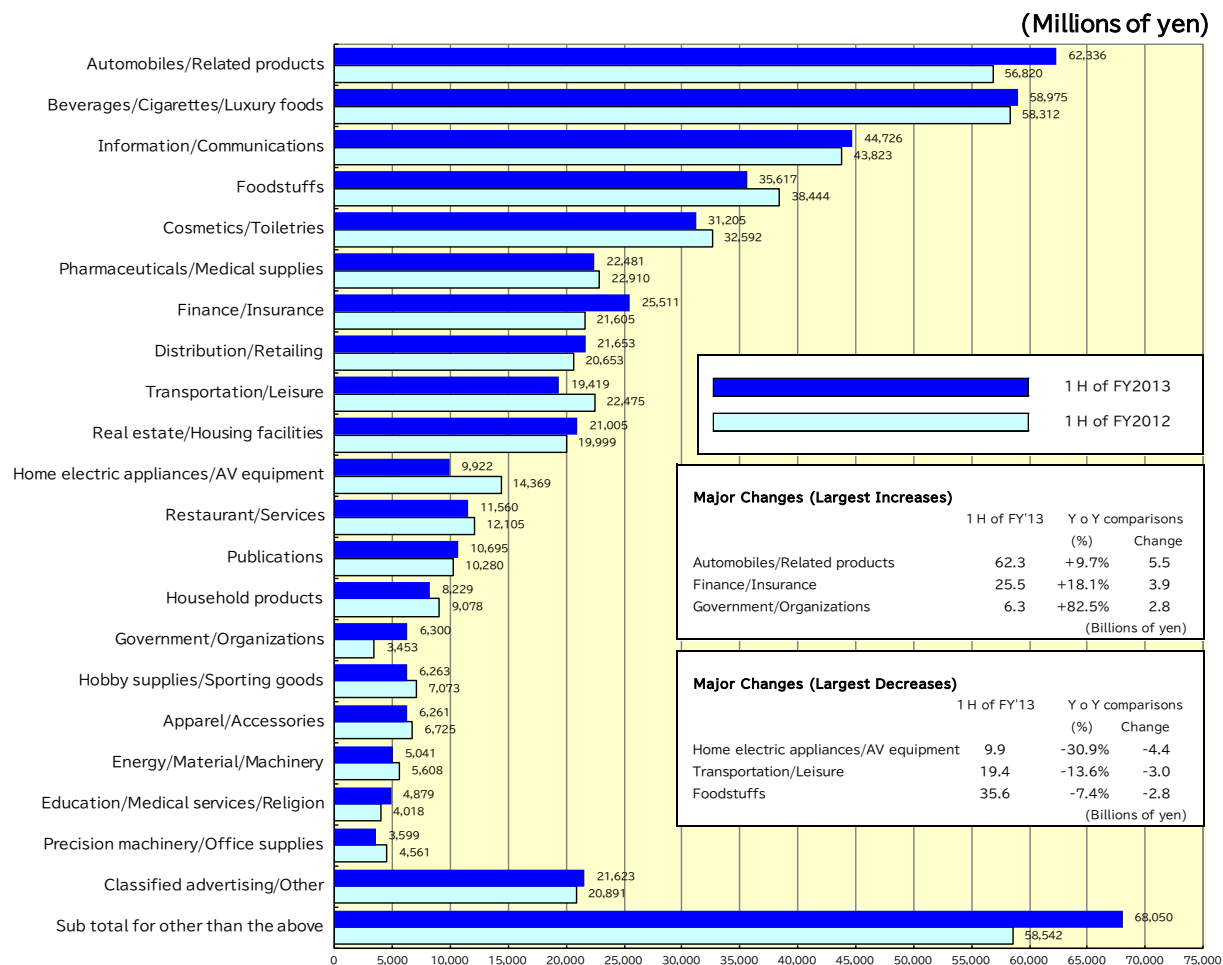
	1 H of		
	FY2013 (Result)	YoY comparisons	
		Change	(%)
Billings	505,350	11,014	2.2%
Revenue	87,332	4,738	5.7%
(Gross margin)	(17.3%)	(+0.6%)	
SG&A expenses	74,345	3,113	4.4%
Operating income	12,986	1,624	14.3%
(Operating margin)	(14.9%)	(+1.1%)	
Non-operating items	993	(251)	
Ordinary income	13,980	1,373	10.9%
Extraordinary items	1,075	1,429	
Income before income taxes and minority interests	15,056	2,803	22.9%
Net income	7,328	1,130	18.2%

[Change between results and forecasts]

(Millions of yen)

	1 H	
	Change	(%)
Billings	1,350	0.3%
Revenue	2,832	3.4%
(Gross margin)	(+0.5%)	
SG&A expenses	345	0.5%
Operating income	2,486	23.7%
(Operating margin)	(+2.4%)	
Non-operating items	(107)	
Ordinary income	2,380	20.5%
Extraordinary items	1,575	
Income before income taxes and minority interests	3,956	35.6%
Net income	1,628	28.6%

# Billings by Industry (1)



	1 H of FY'13 Amount	Y o Y comparisons		FY'13 Share
		Change	%	
Automobiles/Related products	62,336	5,516	9.7%	14.3%
Beverages/Cigarettes/Luxury foods	58,975	663	1.1%	13.5%
Information/Communications	44,726	903	2.1%	10.2%
Foodstuffs	35,617	(2,826)	-7.4%	8.1%
Cosmetics/Toiletries	31,205	(1,387)	-4.3%	7.1%
Pharmaceuticals/Medical supplies	22,481	(428)	-1.9%	5.1%
Finance/Insurance	25,511	3,905	18.1%	5.8%
Distribution/Retailing	21,653	1,001	4.8%	5.0%
Transportation/Leisure	19,419	(3,057)	-13.6%	4.4%
Real estate/Housing facilities	21,005	1,006	5.0%	4.8%
Home electric appliances/AV equipment	9,922	(4,446)	-30.9%	2.3%
Restaurant/Services	11,560	(546)	-4.5%	2.6%
Publications	10,695	415	4.0%	2.4%
Household products	8,229	(849)	-9.4%	1.9%
Government/Organizations	6,300	2,847	82.5%	1.4%
Hobby supplies/Sporting goods	6,263	(810)	-11.5%	1.4%
Apparel/Accessories	6,261	(464)	-6.9%	1.4%
Energy/Material/Machinery	5,041	(566)	-10.1%	1.2%
Education/Medical services/Religion	4,879	861	21.4%	1.1%
Precision machinery/Office supplies	3,599	(962)	-21.1%	0.8%
Classified advertising/Other	21,623	732	3.5%	4.9%
Sub total	437,300	1,507	0.3%	100.0%
Sub total for other than the above	68,050	9,508	16.2%	
Total for group	505,350	11,014	2.2%	

Note (1) The amount of billings in "Sub total" under billings by industry differs from that of "Sub total" under billings by service area. This difference reflects the presence of certain Group companies that are able to classify billings by service area but not by industry. Billings from such companies are accounted for solely within billings by service area.

Note (2): With the exception of "Sub total for other than the above" and "Classified advertising/Other," the above bar graph is arranged in order of largest amount of billings by industry for the fiscal year ended March 31, 2013.

# Billings by Industry (2)

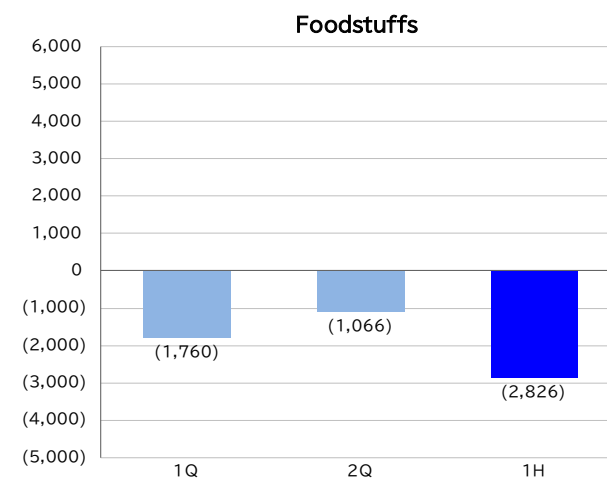
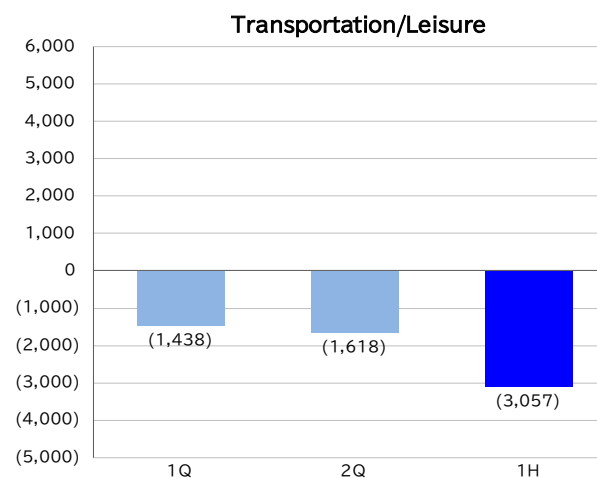
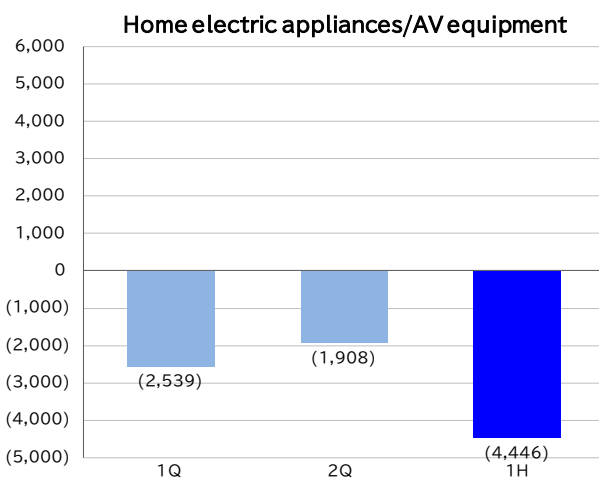
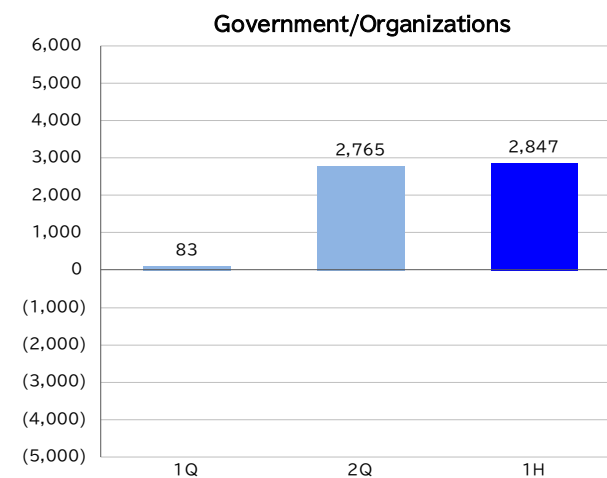
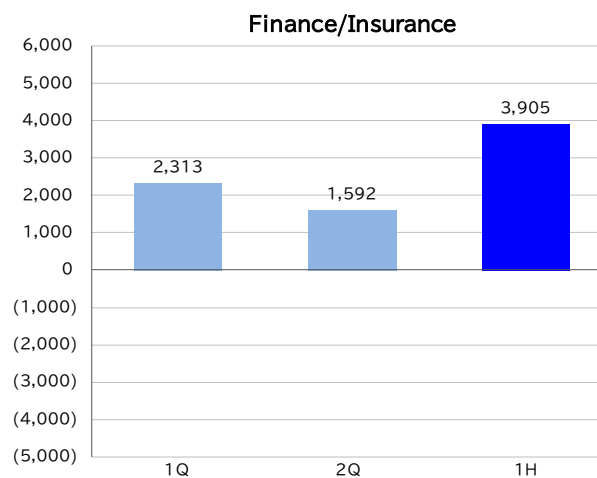
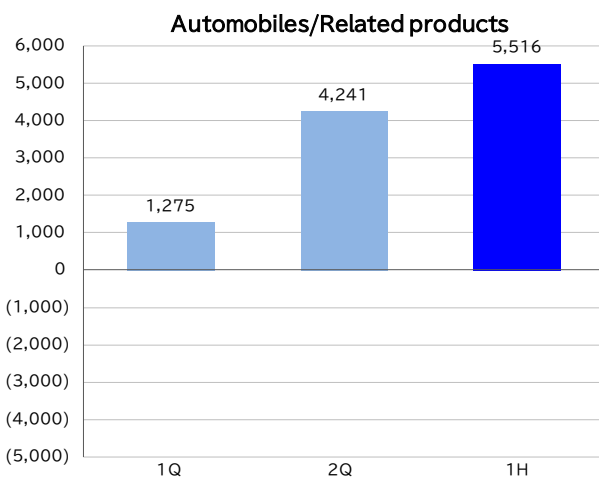
(Millions of yen)

	1 Q of FY2013	YoY comparisons		2 Q of FY2013	YoY comparisons		FY2012		FY2013		YoY comparisons	
		Change	(%)		Change	(%)	1H	Share	1H	Share	Change	(%)
Automobiles/Related products	29,085	1,275	4.6%	33,250	4,241	14.6%	56,820	13.0%	62,336	14.3%	5,516	9.7%
Beverages/Cigarettes/Luxury foods	31,304	293	0.9%	27,671	370	1.4%	58,312	13.4%	58,975	13.5%	663	1.1%
Information/Communications	19,032	(2,986)	-13.6%	25,694	3,890	17.8%	43,823	10.1%	44,726	10.2%	903	2.1%
Foodstuffs	17,614	(1,760)	-9.1%	18,003	(1,066)	-5.6%	38,444	8.8%	35,617	8.1%	(2,826)	-7.4%
Cosmetics/Toiletries	16,446	(626)	-3.7%	14,759	(761)	-4.9%	32,592	7.5%	31,205	7.1%	(1,387)	-4.3%
Pharmaceuticals/Medical supplies	11,235	(423)	-3.6%	11,246	(6)	-0.1%	22,910	5.3%	22,481	5.1%	(428)	-1.9%
Finance/Insurance	13,076	2,313	21.5%	12,435	1,592	14.7%	21,605	5.0%	25,511	5.8%	3,905	18.1%
Distribution/Retailing	11,039	869	8.5%	10,615	131	1.3%	20,653	4.7%	21,653	5.0%	1,001	4.8%
Transportation/Leisure	10,196	(1,438)	-12.4%	9,222	(1,618)	-14.9%	22,475	5.2%	19,419	4.4%	(3,057)	-13.6%
Real estate/Housing facilities	10,970	1,469	15.5%	10,035	(463)	-4.4%	19,999	4.6%	21,005	4.8%	1,006	5.0%
Home electric appliances/AV equipment	4,734	(2,539)	-34.9%	5,188	(1,908)	-26.9%	14,369	3.3%	9,922	2.3%	(4,446)	-30.9%
Restaurant/Services	5,459	(826)	-13.1%	6,100	281	4.8%	12,105	2.8%	11,560	2.6%	(546)	-4.5%
Publications	4,587	(329)	-6.7%	6,108	744	13.9%	10,280	2.4%	10,695	2.4%	415	4.0%
Household products	4,310	(81)	-1.8%	3,919	(768)	-16.4%	9,078	2.1%	8,229	1.9%	(849)	-9.4%
Government/Organizations	1,358	83	6.5%	4,942	2,765	127.0%	3,453	0.8%	6,300	1.4%	2,847	82.5%
Hobby supplies/Sporting goods	2,886	(932)	-24.4%	3,377	122	3.7%	7,073	1.6%	6,263	1.4%	(810)	-11.5%
Apparel/Accessories	2,880	(329)	-10.2%	3,381	(135)	-3.9%	6,725	1.5%	6,261	1.4%	(464)	-6.9%
Energy/Material/Machinery	2,204	(535)	-19.5%	2,837	(31)	-1.1%	5,608	1.3%	5,041	1.2%	(566)	-10.1%
Education/Medical services/Religion	2,166	435	25.1%	2,713	426	18.6%	4,018	0.9%	4,879	1.1%	861	21.4%
Precision machinery/Office supplies	1,901	(132)	-6.5%	1,698	(830)	-32.8%	4,561	1.0%	3,599	0.8%	(962)	-21.1%
Classified advertising/Other	10,939	(138)	-1.2%	10,684	870	8.9%	20,891	4.8%	21,623	4.9%	732	3.5%
Sub total	213,422	(6,338)	-2.9%	223,878	7,845	3.6%	435,793	100.0%	437,300	100.0%	1,507	0.3%
Sub total for other than the above	33,015	5,296	19.1%	35,035	4,212	13.7%	58,542		68,050		9,508	16.2%
Total for group	246,437	(1,042)	-0.4%	258,912	12,056	4.9%	494,335		505,350		11,014	2.2%



# Billings by Industry (3)

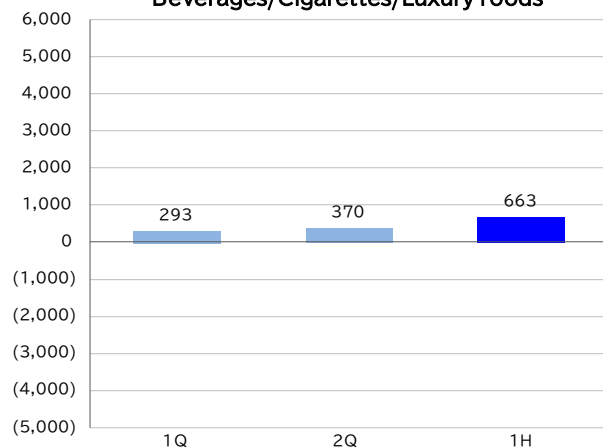
Quarterly YoY Changes(±) (1) Top 3 Largest First-half Changes by Industry (Millions of yen)



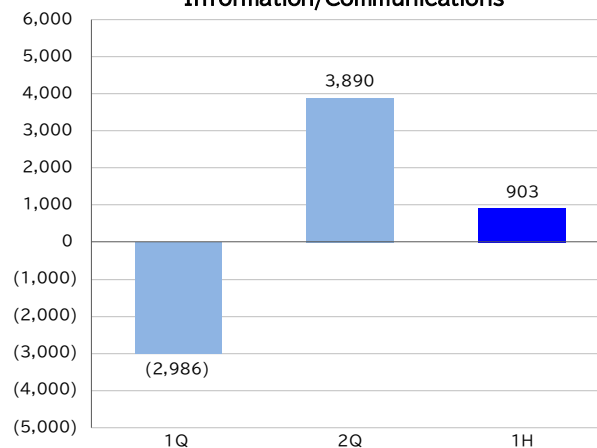
# Billings by Industry (4)

## Quarterly YoY Changes(2) Other Major Industries (Millions of yen)

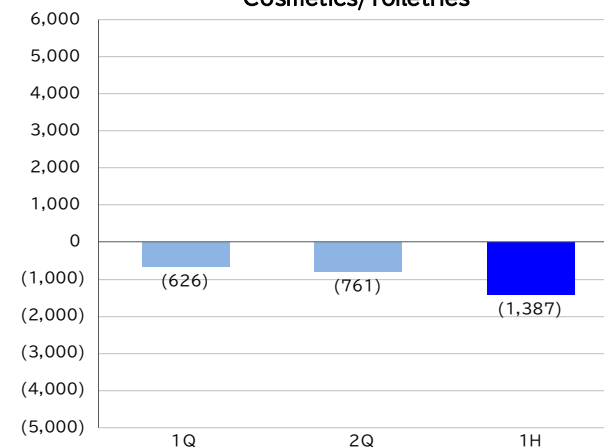
### Beverages/Cigarettes/Luxury foods



### Information/Communications



### Cosmetics/Toiletries



# Billings by Service Area

(Millions of yen)

	1 Q of FY2013	YoY comparisons		2 Q of FY2013	YoY comparisons		1 H of FY2012		1 H of FY2013		YoY comparisons	
	Amount	Change	(%)	Amount	Change	(%)	Amount	Share	Amount	Share	Change	(%)
Newspapers	14,841	(1,036)	-6.5%	15,191	156	1.0%	30,912	6.7%	30,032	6.5%	(880)	-2.8%
Magazines	5,379	20	0.4%	5,860	569	10.7%	10,650	2.3%	11,239	2.4%	589	5.5%
Radio	3,346	(365)	-9.8%	3,625	(146)	-3.9%	7,481	1.6%	6,971	1.5%	(510)	-6.8%
Television	102,070	(3,294)	-3.1%	102,166	2,656	2.7%	204,874	44.5%	204,236	43.9%	(638)	-0.3%
Mass media services sub total	125,636	(4,675)	-3.6%	126,842	3,235	2.6%	253,917	55.1%	252,478	54.2%	(1,440)	-0.6%
Internet media	24,020	2,595	12.1%	22,244	1,399	6.7%	42,270	9.2%	46,264	9.9%	3,994	9.4%
Outdoor media	9,665	(229)	-2.3%	9,941	913	10.1%	18,922	4.1%	19,606	4.2%	684	3.6%
Creative	24,124	308	1.3%	26,396	182	0.7%	50,030	10.9%	50,520	10.9%	490	1.0%
Marketing/Promotion	41,703	(1,619)	-3.7%	48,526	3,158	7.0%	88,690	19.2%	90,229	19.4%	1,539	1.7%
Others(contents, etc.)	2,993	(117)	-3.7%	3,441	(518)	-13.1%	7,069	1.5%	6,434	1.4%	(635)	-9.0%
Other than 4 mass media services subtotal	102,505	939	0.9%	110,549	5,134	4.9%	206,981	44.9%	213,053	45.8%	6,073	2.9%
Sub total	228,141	(3,736)	-1.6%	237,390	8,369	3.7%	460,898	100.0%	465,531	100.0%	4,633	1.0%
Sub total for other than the above	18,296	2,694	17.3%	21,523	3,688	20.7%	33,437		39,819		6,382	19.1%
Total for group	246,437	(1,042)	-0.4%	258,912	12,056	4.9%	494,335		505,350		11,014	2.2%

- Mass media services subtotal declined by 0.6% year on year. There was a year-on-year decrease in first-quarter billings in the absence of significant growth primarily in TV spot ads recorded in the same period last year. However, billings started to recover in the second quarter. As a result, "Mass media services subtotal" decreased slightly in the first half.
- "Other than mass media services subtotal" in 1H was up 2.9% year on year. Internet Media made steady progress, Marketing/Promotion achieved substantial growth in 2Q, leading to a 4.9% year-on-year increase in 2Q "Other than mass media services subtotal."
- Billings from newly consolidated subsidiaries mostly contributed to the increase in "Subtotal for other than the above."

Note (1) The amount of billings in "Sub total" under billings by industry differs from that of "Sub total" under billings by service area. This difference reflects the presence of certain Group companies that are able to classify billings by service area but not by industry. Billings from such companies are accounted for solely within billings by service area.

# Changes in SG&A Expenses (1)

(Millions of yen)

	1 Q of		YoY comparisons		2 Q of		YoY comparisons		1 H of		YoY comparisons	
	FY2012	FY2013	Change	(%)	FY2012	FY2013	Change	(%)	FY2012	FY2013	Change	(%)
Personnel costs	24,556	25,598	1,042	4.2%	24,568	25,808	1,241	5.1%	49,124	51,407	2,283	4.6%
Other Expenses (Total)	10,801	11,392	591	5.5%	11,307	11,546	239	2.1%	22,108	22,938	830	3.8%
Rent	2,703	2,728	25	0.9%	2,670	2,738	68	2.5%	5,373	5,466	93	1.7%
Depreciation and amortization	482	469	(13)	-2.7%	464	487	23	5.0%	946	956	10	1.1%
Others	7,616	8,195	579	7.6%	8,173	8,321	148	1.8%	15,789	16,516	727	4.6%
Total SG&A expenses	35,358	36,991	1,633	4.6%	35,874	37,354	1,479	4.1%	71,232	74,345	3,113	4.4%

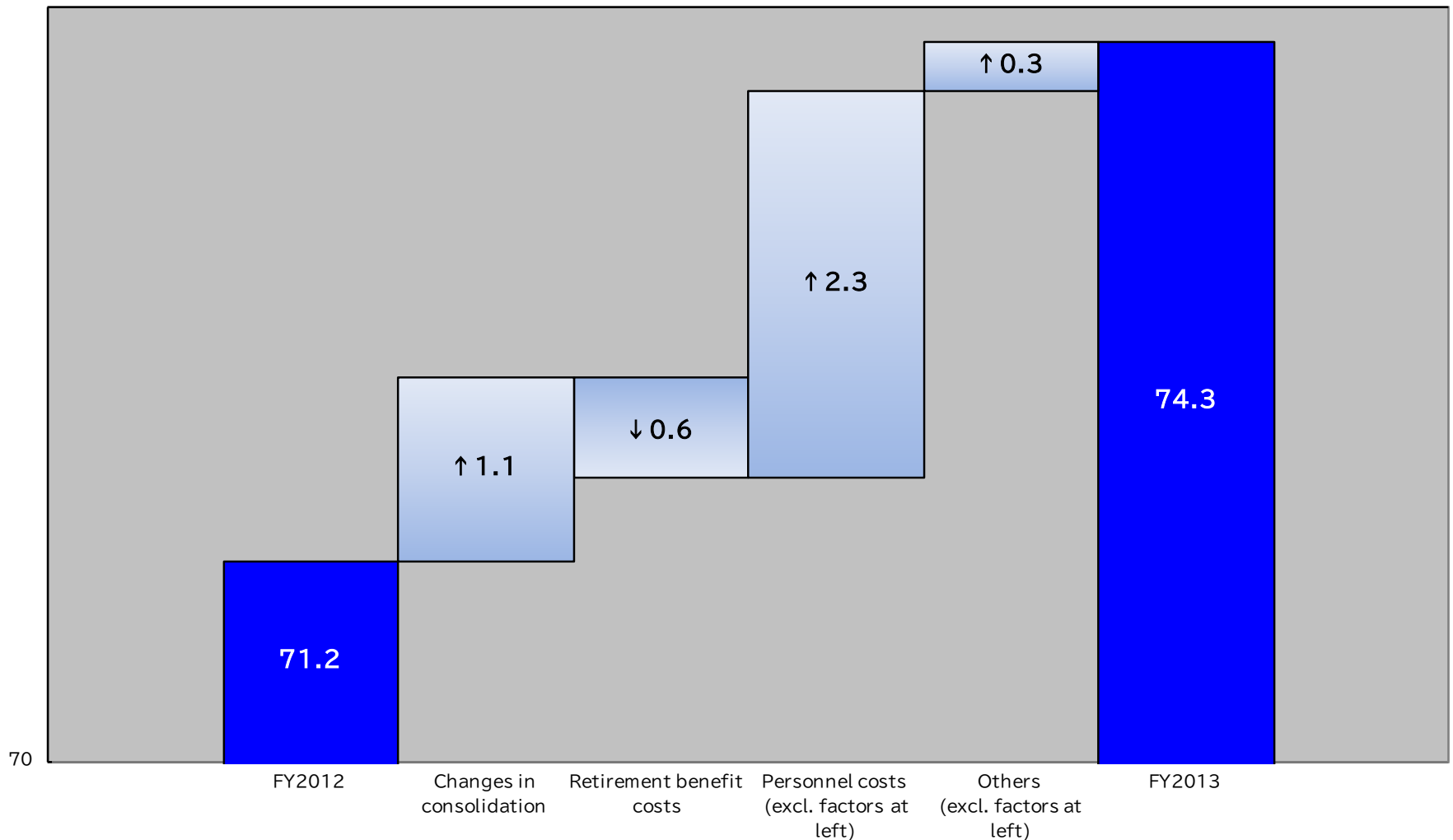
Enhancing business structure and promoting strategic cost expenditures, while controlling SG&A expenses in line with the plan

- ◎ Costs increased by approx. ¥1.1 billion due to changes in the scope of consolidation. Retirement benefit expenses decreased by approx. ¥0.6 billion. Excluding these costs, the total increase in cost was approx. ¥2.6 billion.
- ◎ Strategic cost expenditures were incurred and labor costs increased due to business structure enhancement, mainly in priority strategic domains, yet both were controlled in line with the year's plan and contributed to operating income growth.

# Changes in SG&A Expenses (2)

(billions of yen)

## Change Factors in SG&A Expenses



# Non-Operating Items and Extraordinary Gains and Losses

(Millions of yen)

	1 Q of		YoY comparisons		2 Q of		YoY comparisons		1 H of		YoY comparisons	
	FY2012	FY2013	Change	(%)	FY2012	FY2013	Change	(%)	FY2012	FY2013	Change	(%)
Non-operating income	807	699	(108)	-13.4%	592	516	(76)	-12.9%	1,399	1,215	(184)	-13.2%
Non-operating expenses	79	299	220	278.5%	75	(77)	(152)	-	154	222	67	43.6%
Total	727	399	(328)	-45.1%	518	594	76	14.7%	1,245	993	(251)	-20.2%

\*Net interest income (interest received - interest paid) :

1H of FY'12	+64 million	1H of FY'13	+35 million	YoY change	28 million decreased
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\*Dividend income :

1H of FY'12	506 million	1H of FY'13	720 million	YoY change	214 million increased
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\*Equity in investment income(loss) from affiliates :

1H of FY'12	+600 million	1H of FY'13	+71 million	YoY change	529 million decreased
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(Millions of yen)

	1 Q of		YoY comparisons		2 Q of		YoY comparisons		1 H of		YoY comparisons	
	FY2012	FY2013	Change	(%)	FY2012	FY2013	Change	(%)	FY2012	FY2013	Change	(%)
Extraordinary gains	65	72	7		156	1,453	1,297		221	1,526	1,304	
Extraordinary losses	136	229	93		440	220	(218)		576	450	(125)	
Total	(70)	(157)	(86)		(284)	1,233	1,516		(354)	1,075	1,429	

\*Gain on sales of affiliates' stock :

1H of FY'12	43 million	1H of FY'13	1,404 million	YoY change	1,360 million increased
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\*Investment securities valuation loss :

1H of FY'12	355 million	1H of FY'13	166 million	YoY change	189 million decreased
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# Consolidated Balance Sheets

	Mar. 31, 2013		Sep. 30, 2013		(Millions of yen)		(Millions of yen)	
	Amount	Share	Amount	Share	Change	(%)	Amount	Share
Current assets	410,264	77.6%	379,555	75.5%	(30,708)	-7.5%	359,966	76.1%
Fixed assets	118,270	22.4%	122,889	24.5%	4,619	3.9%	112,830	23.9%
Total assets	528,535	100.0%	502,445	100.0%	(26,089)	-4.9%	472,797	100.0%
Current liabilities	281,842	53.3%	244,664	48.7%	(37,177)	-13.2%	237,090	50.1%
Non-current liabilities	12,340	2.4%	12,977	2.6%	637	5.2%	12,550	2.7%
Total liabilities	294,182	55.7%	257,642	51.3%	(36,540)	-12.4%	249,641	52.8%
Total shareholders' equity	215,279	40.7%	221,088	44.0%	5,809	2.7%	210,101	44.4%
Total net unrealized gains on securities and translation adjustments	6,339	1.2%	10,296	2.0%	3,957	62.4%	(148)	0.0%
Subscription rights to shares	242	0.0%	255	0.1%	12	5.3%	296	0.1%
Minority interests	12,490	2.4%	13,162	2.6%	671	5.4%	12,906	2.7%
Total net assets	234,352	44.3%	244,803	48.7%	10,450	4.5%	223,155	47.2%
Total liabilities and net assets	528,535	100.0%	502,445	100.0%	(26,089)	-4.9%	472,797	100.0%

\*Sum of cash and time deposits, and marketable securities (current assets):

Mar.31,'13

113.9 billion

Sep.30,'13

109.3 billion

4.5 billion

down

\*Notes and accounts receivable:

Mar.31,'13

260.7 billion

Sep.30,'13

234.8 billion

25.9 billion

down

\*Investment securities:

Mar.31,'13

56.9 billion

Sep.30,'13

62.4 billion

5.4 billion

up

\*Notes and accounts payable:

Mar.31,'13

234.6 billion

Sep.30,'13

213.2 billion

21.3 billion

down

\*Short- and long-term debt:

Mar.31,'13

3.0 billion

Sep.30,'13

3.4 billion

0.4 billion

up

# Consolidated Statements of Cash Flow

	1 H of		(Millions of yen) YoY comparisons
	FY2012	FY2013	Change
Cash flow from operating activities	(7,948)	(3,406)	4,542
Cash flow from investing activities	(1,446)	2,150	3,597
Cash flow from financing activities	(1,317)	(2,512)	(1,194)
Effect of exchange rate changes on cash and cash equivalents	10	776	766
Net increase (decrease) in cash and cash equivalents	(10,702)	(2,990)	7,711
Cash and cash equivalents, beginning of period	92,193	101,546	9,353
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	10	(157)	(168)
Cash and cash equivalents, end of period	81,501	98,398	16,896

## <Cash Flows From Operating Activities>

Income before income taxes and minority interests +¥15.0 billion, depreciation and amortization +¥1.3 billion, allowance for bonuses -¥5.5 billion, decrease in notes and accounts receivable-trade +¥27.9 billion, increase in inventories - ¥2.1 billion, decrease in notes and accounts payable-trade -¥23.1 billion, gain on sales of subsidiaries' and affiliates' stocks -¥1.4 billion, other operating activities -¥5.9 billion, income taxes paid -¥7.7 billion

## <Cash Flows From Investing Activities >

Payments for purchase of property and equipment -¥0.5 billion, payments for purchase of intangible fixed assets -¥1.1 billion

## <Cash Flows From Financing Activities>

Cash dividends paid -¥1.5 billion, cash dividends paid to minority shareholders -¥0.4 billion repayments of long-term loans payable -¥1.3 billion



# Highlights of Operating Results at Major Subsidiaries

(Millions of yen)

	1 H of		YoY comparisons	
	FY2012	FY2013	Change	(%)
<b>Hakuhodo (*)</b>				
Billings	353,059	362,104	9,044	2.6%
Ordinary income	8,029	9,589	1,559	19.4%
Net income	3,824	4,956	1,131	29.6%
<b>Daiko Advertising (*)</b>				
Billings	71,870	70,171	(1,699)	-2.4%
Ordinary income	268	(95)	(364)	-
Net income	19	(362)	(382)	-
<b>Yomiko Advertising (*)</b>				
Billings	35,866	37,709	1,843	5.1%
Ordinary income	189	371	181	95.9%
Net income	90	140	50	55.5%

◎Billings were up ¥9.0 billion, or 2.6%, year on year.

By client industry

Increases: Automobiles/Related products, Finance/Insurance  
Decreases: Home electric appliances/AV equipment, Foodstuffs

◎Ordinary income and net income were both substantially higher, reflecting control of SG&A expenses in line with plan, along with making investments in strategic expenditures, in addition to an improved gross margin.

◎Billings were down ¥1.6 billion, or 2.4%, year on year.

By client industry

Increase: Pharmaceuticals/Medical supplies,  
Government/Organizations  
Decreases: Real estate/Housing facilities, Foodstuffs

◎Ordinary income and net income both fell into the red, as higher gross margin and SG&A controls did not fully offset the decline in billings.

◎Billings were up ¥1.8 billion, or 5.1%, year on year.

By client industry

Increases: Real estate/Housing facilities, Distribution/Retailing  
Decreases: Cosmetics/Toiletries, Foodstuffs

◎Ordinary income and net income were both substantially higher, due to the increase in revenue and control of SG&A expenses.

\*Consolidated

NOTE : The consolidated results on this page for Hakuhodo, Daiko and Yomiko are aggregate figures controlled inside the companies, and thus are not individually audited.

# Consolidated Business Outlook for Fiscal 2013

# Consolidated Business Outlook for Fiscal 2013 (1)

## **No Changes in Rationale for the Consolidated Full-year Business Outlook, Despite Stronger-than-anticipated First-half Performance**

Our stronger-than-anticipated first-half performance was within the scope of assumptions for our full-year forecasts, and there are no major changes in the rationale for our outlook. Therefore, we have not revised the full-year consolidated business outlook at this time.

## **◎Consolidated Business Outlook for Second Half of Fiscal 2013**

- Our consolidated business outlook is based on full-year forecasts.
- For that reason, the consolidated business outlook for the second half is calculated simply by deducting the first-half results from the full-year forecasts.
- At this time, we do not expect the gross margin in the second half to be lower than the gross margin level of the same period last year.
- Meanwhile, if revenue grows, SG&A expenses could also increase in step with this growth. However, we will continue to control SG&A expenses.

## **◆Regarding Revised Forecast for Dividend Per Share at the End of Fiscal 2013, Associated With Stock Split**

We conducted a 10-for-1 stock split of its common stock, effective October 1, 2013.

Accordingly, the year-end dividend forecast will be based on the number of shares after the split, therefore, the forecast announced on May 9, 2013 will be revised from dividend of ¥60 to ¥6.00 .

This revision relates only to the stock split, and other assumptions of the dividend forecast have not changed.

The IR information for fiscal 2013 contains figures calculated based on a pre-stock-split basis to enable comparisons with the previous year.

## Consolidated Business Outlook for Fiscal 2013 (2)

As of Nov. 7, 2013

(Millions of yen)

	1H				2H				Full Year			
	FY2012	FY2013	YoY		FY2012	FY2013	YoY		FY2012	FY2013	YoY	
	(Result)	(Result)	change	(%)	(Result)	(Forecasts)	change	(%)	(Result)	(Forecasts)	change	(%)
Billings	494,335	505,350	11,014	2.2%	551,096	581,650	30,554	5.5%	1,045,431	1,087,000	41,568	4.0%
Revenue	82,594	87,332	4,738	5.7%	93,370	97,368	3,998	4.3%	175,964	184,700	8,735	5.0%
(Gross margin)	(16.7%)	(17.3%)	(+0.6%)		(16.9%)	(16.7%)	(-0.2%)		(16.8%)	(17.0%)	(+0.2%)	
SG&A expenses	71,232	74,345	3,113	4.4%	78,413	80,355	1,942	2.5%	149,645	154,700	5,054	3.4%
Operating income	11,362	12,986	1,624	14.3%	14,956	17,014	2,058	13.8%	26,319	30,000	3,680	14.0%
(Operating margin)	(13.8%)	(14.9%)	(+1.1%)		(16.0%)	(17.5%)	(+1.5%)		(15.0%)	(16.2%)	(+1.3%)	
Non-operating items	1,245	993	(251)		445	507	62		1,691	1,500	(191)	
Ordinary income	12,607	13,980	1,373	10.9%	15,403	17,520	2,117	13.7%	28,010	31,500	3,489	12.5%
Extraordinary items	(354)	1,075	1,429		(2,709)	(2,075)	634		(3,062)	(1,000)	2,062	
Income before income Taxes and minority interests	12,252	15,056	2,803	22.9%	12,696	15,444	2,748	21.6%	24,948	30,500	5,551	22.3%
Net income	6,197	7,328	1,130	18.2%	6,697	8,172	1,475	22.0%	12,894	15,500	2,605	20.2%
Dividend per share	40	60			40	60			80	120	(yen)	

(Operating margin = Operating income / Revenue)

Note: Forecasts for 2H= full-year forecasts - 1H results

# Consolidated Business Outlook for Fiscal 2013 (3)

[Reference] “Approach Regarding Consolidated Business Outlook for Fiscal Year Ending March 31, 2014” (announced May 9, 2013)

## Medium-term Business Plan Final Year Target: Operating Income of ¥30.0 Billion

### ◎Macro environment: Growth in Japan’ s advertising market of approximately 3%

Strong growth is expected in the second half of the fiscal year, against the backdrop of such factors as the benefits of various economic measures, an improvement in consumer sentiment, and last-minute demand ahead of a rise in the consumption tax rate.

### ◎Billings: ¥1,087.0 billion, up 4.0% year on year

The Group aims to grow above the market average through steady enactment of the strategic initiatives outlined in its Medium-term Business Plan, and to expand its market share even further.

### ◎Revenue: ¥184.7 billion, up 5.0% year on year

Recognizing the importance of achieving profitable billings expansion, the Group will take steps to raise its already high gross margin even further.

### ◎SG&A Expenses: ¥154.7 billion, up 3.4% year on year

The Group will make strategic investments in certain expenses with an eye to the future, not only to achieve its Medium-term Business Plan targets, but also to prepare for the next stage. Meanwhile, the Group will seek to improve its operating margin by continuing to enhance efficiency and consolidate expenses to hold the rate of growth in expenses to be below that of revenue.

### ◎Operating Income: ¥30.0 billion, up 14.0% year on year

### ◎Operating Margin: 16.2%, up 1.3 percentage points year on year

The Group will strive to exceed the Medium-term Business Plan targets of ¥28.0 billion for Operating Income and 16.0% for the Operating Margin.

### ◎Net Income: ¥15.5 billion, up 20.2% year on year

### ◎Dividend per Share: Based on a fundamental stance of providing a stable dividend, and comprehensive evaluation of trends in business results, we plan to pay an ordinary dividend per share of ¥90, up ¥10 from the previous year ended March 31, 2013. Moreover, for the fiscal year ending March 31, 2014 we also plan to pay a commemorative dividend of ¥30 to mark the 10<sup>th</sup> anniversary of the establishment of the holding company, for a planned total annual dividend of ¥120.

# Consolidated Business Outlook for Fiscal 2013 (4)

## [Reference] Consolidated Business Forecasts for Fiscal 2013(announced May 9, 2013)

As of May 9, 2013

(Millions of yen)

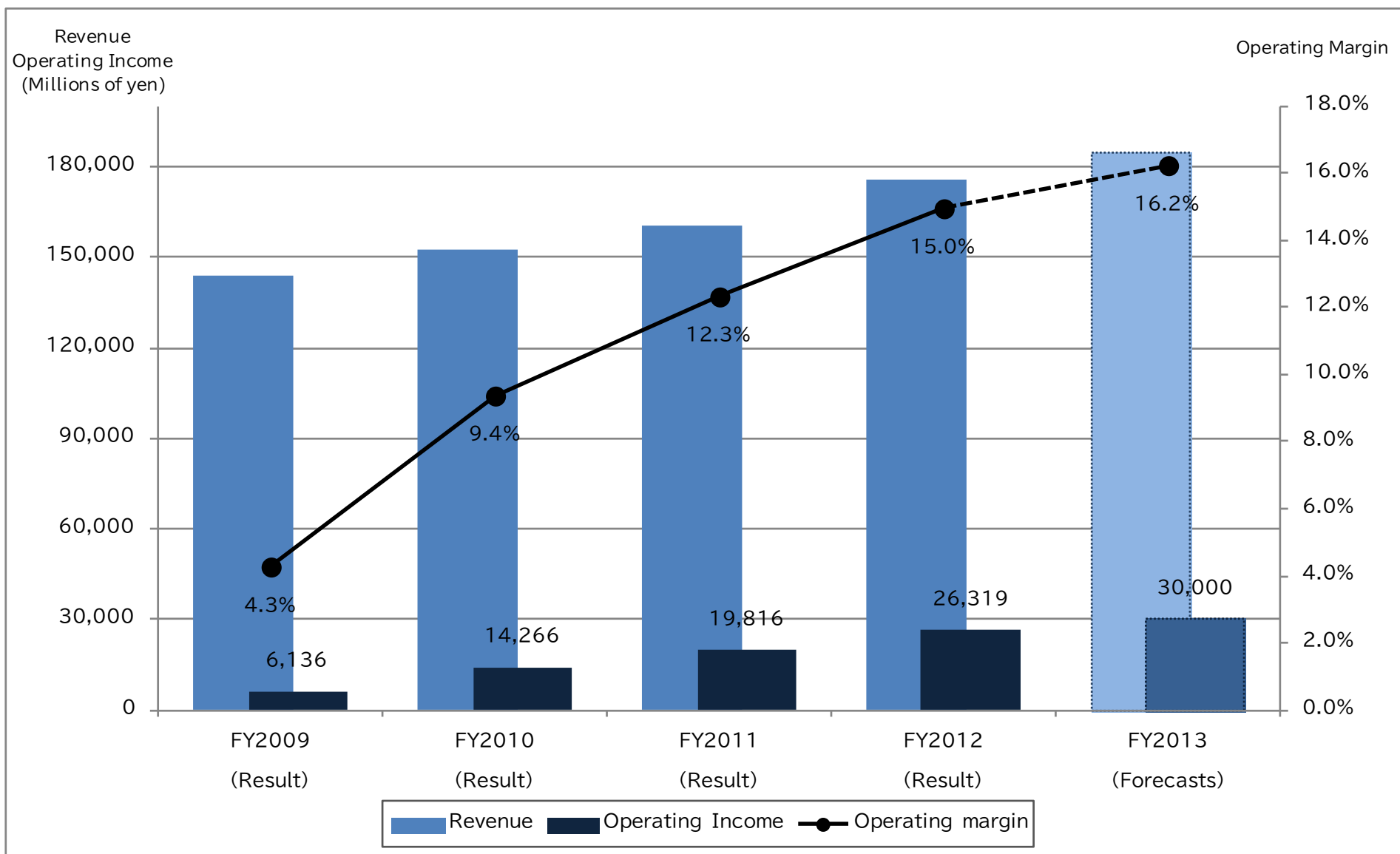
	1H				2H				Full Year			
	FY2012	FY2013	YoY		FY2012	FY2013	YoY		FY2012	FY2013	YoY	
	(Result)	(Forecasts)	change	(%)	(Result)	(Forecasts)	change	(%)	(Result)	(Forecasts)	change	(%)
Billings	494,335	504,000	9,664	2.0%	551,096	583,000	31,904	5.8%	1,045,431	1,087,000	41,568	4.0%
Revenue	82,594	84,500	1,905	2.3%	93,370	100,200	6,830	7.3%	175,964	184,700	8,735	5.0%
(Gross margin)	(16.7%)	(16.8%)	(+0.1%)		(16.9%)	(17.2%)	(+0.2%)		(16.8%)	(17.0%)	(+0.2%)	
SG&A expenses	71,232	74,000	2,767	3.9%	78,413	80,700	2,287	2.9%	149,645	154,700	5,054	3.4%
Operating income	11,362	10,500	(862)	-7.6%	14,956	19,500	4,544	30.4%	26,319	30,000	3,680	14.0%
(Operating margin)	(13.8%)	(12.4%)	(-1.3%)		(16.0%)	(19.5%)	(+3.4%)		(15.0%)	(16.2%)	(+1.3%)	
Non-operating items	1,245	1,100	(145)		445	400	(45)		1,691	1,500	(191)	
Ordinary income	12,607	11,600	(1,007)	-8.0%	15,403	19,900	4,497	29.2%	28,010	31,500	3,489	12.5%
Extraordinary items	(354)	(500)	(145)		(2,709)	(500)	2,209		(3,062)	(1,000)	2,062	
Income before income Taxes and minority interests	12,252	11,100	(1,152)	-9.4%	12,696	19,400	6,704	52.8%	24,948	30,500	5,551	22.3%
Net income	6,197	5,700	(497)	-8.0%	6,697	9,800	3,103	46.3%	12,894	15,500	2,605	20.2%
Dividend per share	40	60			40	60			80	120	(yen)	

(Operating margin = Operating income / Revenue)

Note 1) Dividend per share for the year ending March 31, 2014 (Pre-Stock Split Implementation): Interim: ordinary dividend ¥45, commemorative dividend ¥15, total ¥60. End of year: ordinary dividend ¥45, commemorative dividend ¥15, total ¥60. Annual ordinary dividend ¥90, commemorative dividend ¥30, total ¥120.

Note 2) Effective Oct. 1, 2013, each share of common stock was split into 10 shares. The year-end dividend per share forecast will be based on the number of shares after the split, therefore, the forecast announced on May 9, 2013 will be revised from ¥60 to ¥6 in the Consolidated Financial Highlights. The IR information for 1H contains the figures before the implementation of stock split in order to make year-on-year comparisons easier.

## Consolidated Business Outlook for Fiscal 2013 (5)



HakuhodoDY holdings

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