

Hakuhodo DY holdings

# Consolidated Financial Highlights

## 1 H of Fiscal Year Ending March 31, 2015 (1 H of FY2014)

2014.11.07

# 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 2014

# Consolidated Financial Highlights (1)

## Billings and profit rose, with record 1 H operating income

### ◎Billings:¥534.5 billion, up 5.8% year on year

- Overall, absorbed falloff following extraordinary demand ahead of the consumption tax hike, and year-on-year growth at a broad range of industries.
- Progress in M&A under new Medium-term Business Plan making contribution.

#### » By industry:

Billings increased in Information/Communications, Beverages/Cigarettes/Luxury foods, and Cosmetics/Toiletries.

Billings declined in Government/Organizations, Real estate/Housing facilities, and Precision machinery/Office supplies.

#### » By service area: “Mass media services subtotal” and “Other than the mass media services subtotal” both increased year on year. Television, Internet media, and Marketing/Promotion were strong throughout 1H.

### ◎Revenue: ¥95.6 billion, up 9.5%, or ¥8.3 billion, year on year

### ◎Gross margin: 17.9%, up 0.6 of a percentage point year on year

- Awareness of revenue growth at Group companies, increased share of production operations carried out in-house, and acquisition of overseas fee-based businesses contributed to higher gross margin.

### ◎SG&A Expenses: ¥79.8 billion, up 7.3%, or ¥5.4 billion, year on year

- SG&A expense controls on plan while strengthening structure via M&A and marketing strategic investments, with percentage increase held below the rate of revenue increased.

### ◎ Operating income:¥15.8 billion, up 22.1%, or ¥2.8 billion, year on year

- Year-on-year increase to record 1H profit on higher gross margin and SG&A expense controls.
- Surpassed initial forecast of ¥13.5 billion by ¥2.3 billion.

### ◎ Operating income before amortization of goodwill: ¥16.5 billion, up 22.8%, or 3.0 billion, year on year

### ◎ Net income: ¥9.4 billion, up 28.6%, or ¥2.0 billion, year on year

# Consolidated Financial Highlights (2)

(Millions of yen)

	1Q of				2Q of				1H of			
	FY2013	FY2014	YoY comparisons		FY2013	FY2014	YoY comparisons		FY2013	FY2014	YoY comparisons	
			Change	(%)			Change	(%)			Change	(%)
Billings	246,437	259,705	13,268	5.4%	258,912	274,811	15,898	6.1%	505,350	534,516	29,166	5.8%
Revenue	40,780	44,470	3,689	9.0%	46,552	51,198	4,646	10.0%	87,332	95,669	8,336	9.5%
(Gross margin)	(16.5%)	(17.1%)	(+0.6%)		(18.0%)	(18.6%)	(+0.7%)		(17.3%)	(17.9%)	(+0.6%)	
SG&A expenses	36,991	38,698	1,706	4.6%	37,354	41,109	3,755	10.1%	74,345	79,807	5,461	7.3%
Operating income	3,788	5,771	1,983	52.3%	9,198	10,089	891	9.7%	12,986	15,861	2,874	22.1%
(Operating margin)	(9.3%)	(13.0%)	(+3.7%)		(19.8%)	(19.7%)	(-0.1%)		(14.9%)	(16.6%)	(+1.7%)	
Non-operating items	399	528	129		594	403	(191)		993	931	(61)	
Ordinary income	4,187	6,300	2,112	50.5%	9,792	10,492	699	7.1%	13,980	16,793	2,812	20.1%
Extraordinary items	(157)	122	279		1,233	871	(361)		1,075	994	(81)	
Income before income taxes and minority interests	4,030	6,423	2,392	59.4%	11,025	11,364	338	3.1%	15,056	17,787	2,731	18.1%
Net income	1,299	2,773	1,474	113.5%	6,029	6,650	620	10.3%	7,328	9,423	2,095	28.6%
Amortization of goodwill	244	286	42	17.2%	248	401	153	61.7%	493	688	195	39.6%
Operating Income before Amortization of goodwill	4,033	6,058	2,025	50.2%	9,446	10,490	1,044	11.1%	13,480	16,549	3,069	22.8%
Operating margin before Amortization of goodwill	9.9%	13.6%	3.7%		20.3%	20.5%	0.2%		15.4%	17.3%	1.9%	
(Operating margin = Operating income / Revenue)												
Dividend per share									6.0	7.5	(yen)	

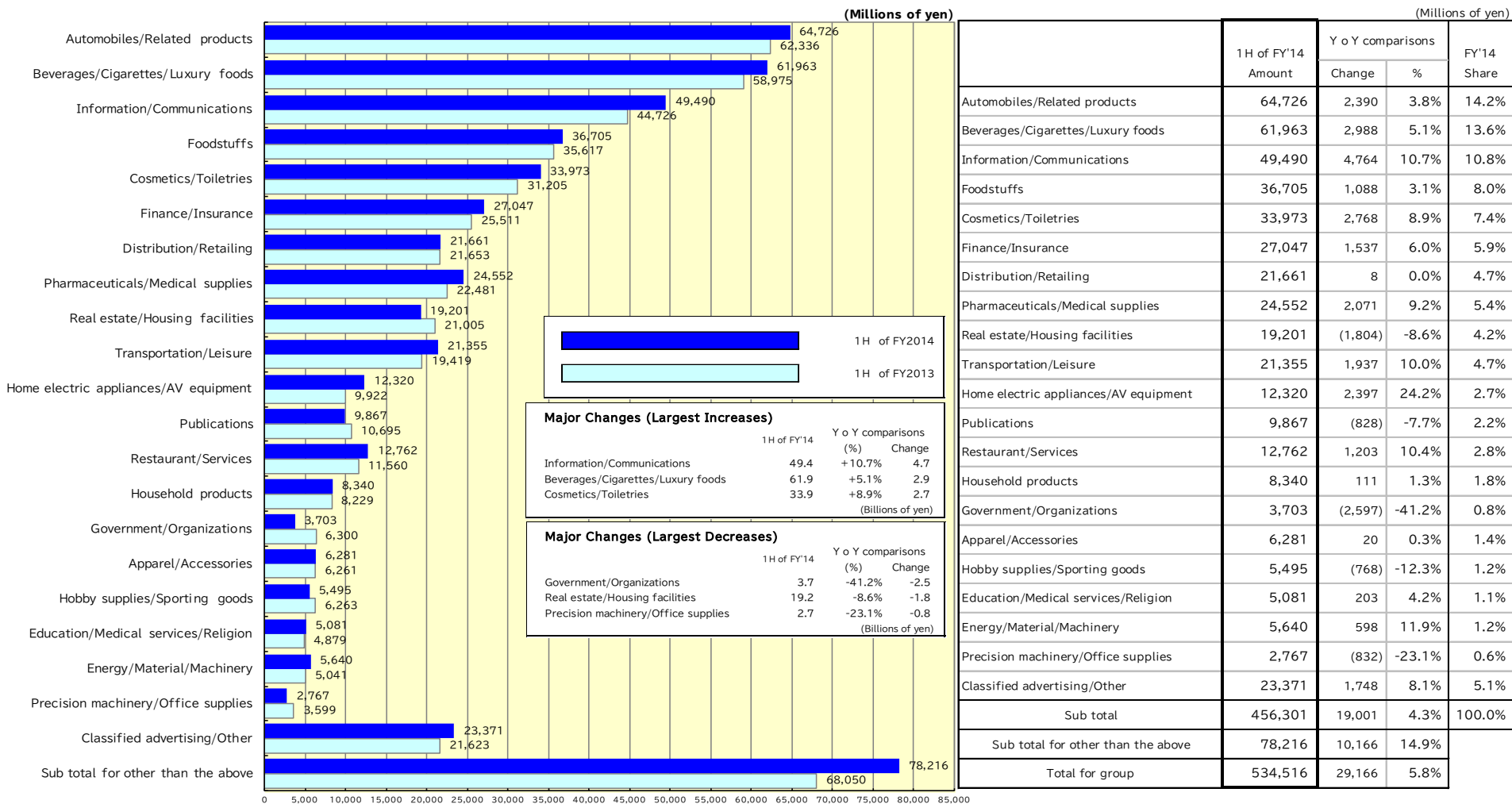
# Consolidated Financial Highlights (3)

## 【 Differences between actual results and 1H forecast announced on May 9, 2014】

(Millions of yen)

	1 H of			1 H of			1 H	
	Original forecasts as of May 9, '14	YoY comparisons		'FY2014 (Result)	YoY comparisons		Change between results and forecasts	
		Change	(%)		Change	(%)	Change	(%)
Billings	536,300	30,949	6.1%	534,516	29,166	5.8%	(1,783)	-0.3%
Revenue	93,200	5,867	6.7%	95,669	8,336	9.5%	2,469	2.6%
(Gross margin)	(17.4%)	(+0.1%)		(17.9%)	(+0.6%)		(+0.5%)	
SG&A expenses	79,700	5,354	7.2%	79,807	5,461	7.3%	107	0.1%
Operating income	13,500	513	4.0%	15,861	2,874	22.1%	2,361	17.5%
(Operating margin)	(14.5%)	(-0.4%)		(16.6%)	(+1.7%)		(+2.1%)	
Non-operating items	1,400	406		931	(62)		(468)	
Ordinary income	14,900	919	6.6%	16,793	2,812	20.1%	1,893	12.7%
Extraordinary items	(250)	(1,325)		994	(81)		1,244	
Income before income Taxes and minority	14,650	(406)	-2.7%	17,787	2,731	18.1%	3,137	21.4%
Net income	7,450	121	1.7%	9,423	2,095	28.6%	1,973	26.5%

# Billings by Industry (1)



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, 2014.

# Billings by Industry (2)

(Millions of yen)

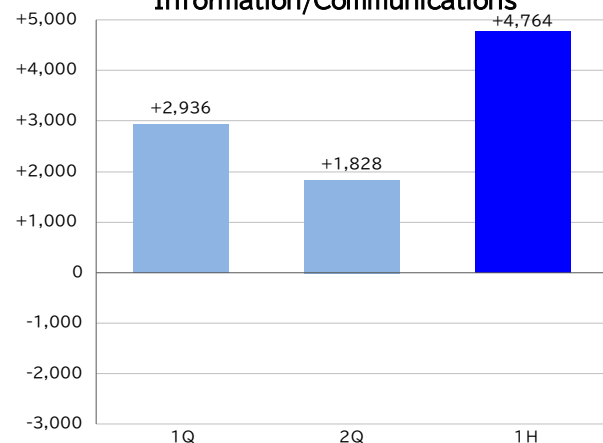
	1 Q of FY2014	YoY comparisons		2 Q of FY2014	YoY comparisons		FY2013		FY2014		YoY comparisons	
		Change	(%)		Change	(%)	1H	Share	1H	Share	Change	(%)
Automobiles/Related products	27,353	(1,732)	-6.0%	37,373	4,123	12.4%	62,336	14.3%	64,726	14.2%	2,390	3.8%
Beverages/Cigarettes/Luxury foods	32,471	1,167	3.7%	29,492	1,821	6.6%	58,975	13.5%	61,963	13.6%	2,988	5.1%
Information/Communications	21,968	2,936	15.4%	27,522	1,828	7.1%	44,726	10.2%	49,490	10.8%	4,764	10.7%
Foodstuffs	19,367	1,752	9.9%	17,338	(664)	-3.7%	35,617	8.1%	36,705	8.0%	1,088	3.1%
Cosmetics/Toiletries	18,278	1,832	11.1%	15,695	935	6.3%	31,205	7.1%	33,973	7.4%	2,768	8.9%
Finance/Insurance	13,977	902	6.9%	13,070	635	5.1%	25,511	5.8%	27,047	5.9%	1,537	6.0%
Distribution/Retailing	11,441	402	3.6%	10,220	(395)	-3.7%	21,653	5.0%	21,661	4.7%	8	0.0%
Pharmaceuticals/Medical supplies	11,445	210	1.9%	13,107	1,861	16.5%	22,481	5.1%	24,552	5.4%	2,071	9.2%
Real estate/Housing facilities	9,985	(985)	-9.0%	9,215	(820)	-8.2%	21,005	4.8%	19,201	4.2%	(1,804)	-8.6%
Transportation/Leisure	11,325	1,129	11.1%	10,030	808	8.8%	19,419	4.4%	21,355	4.7%	1,937	10.0%
Home electric appliances/AV equipment	5,755	1,021	21.6%	6,565	1,376	26.5%	9,922	2.3%	12,320	2.7%	2,397	24.2%
Publications	3,976	(611)	-13.3%	5,891	(217)	-3.6%	10,695	2.4%	9,867	2.2%	(828)	-7.7%
Restaurant/Services	5,933	474	8.7%	6,829	729	12.0%	11,560	2.6%	12,762	2.8%	1,203	10.4%
Household products	4,053	(257)	-6.0%	4,287	367	9.4%	8,229	1.9%	8,340	1.8%	111	1.3%
Government/Organizations	1,686	328	24.1%	2,017	(2,925)	-59.2%	6,300	1.4%	3,703	0.8%	(2,597)	-41.2%
Apparel/Accessories	3,295	416	14.4%	2,986	(396)	-11.7%	6,261	1.4%	6,281	1.4%	20	0.3%
Hobby supplies/Sporting goods	2,513	(373)	-12.9%	2,982	(395)	-11.7%	6,263	1.4%	5,495	1.2%	(768)	-12.3%
Education/Medical services/Religion	2,491	325	15.0%	2,590	(123)	-4.5%	4,879	1.1%	5,081	1.1%	203	4.2%
Energy/Material/Machinery	2,172	(33)	-1.5%	3,468	631	22.2%	5,041	1.2%	5,640	1.2%	598	11.9%
Precision machinery/Office supplies	1,550	(351)	-18.5%	1,217	(481)	-28.3%	3,599	0.8%	2,767	0.6%	(832)	-23.1%
Classified advertising/Other	11,829	890	8.1%	11,541	857	8.0%	21,623	4.9%	23,371	5.1%	1,748	8.1%
Sub total	222,865	9,443	4.4%	233,437	9,558	4.3%	437,300	100.0%	456,301	100.0%	19,001	4.3%
Sub total for other than the above	36,841	3,826	11.6%	41,375	6,340	18.1%	68,050		78,216		10,166	14.9%
Total for group	259,705	13,268	5.4%	274,811	15,898	6.1%	505,350		534,516		29,166	5.8%



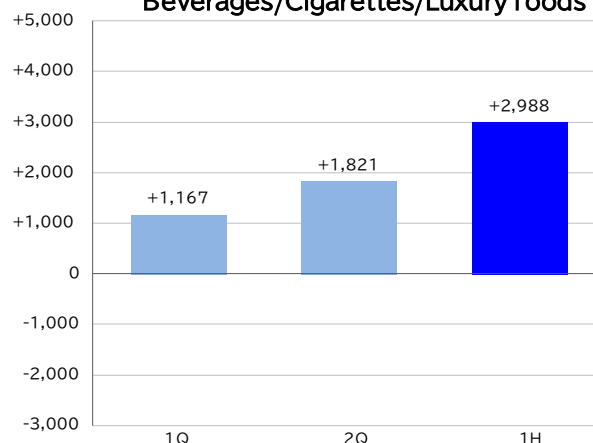
# Billings by Industry (3)

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

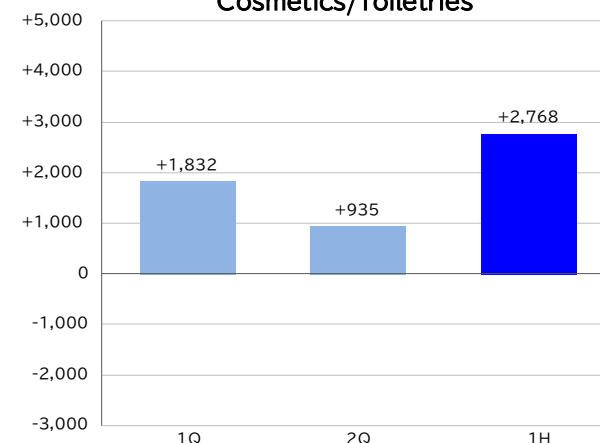
**Information/Communications**



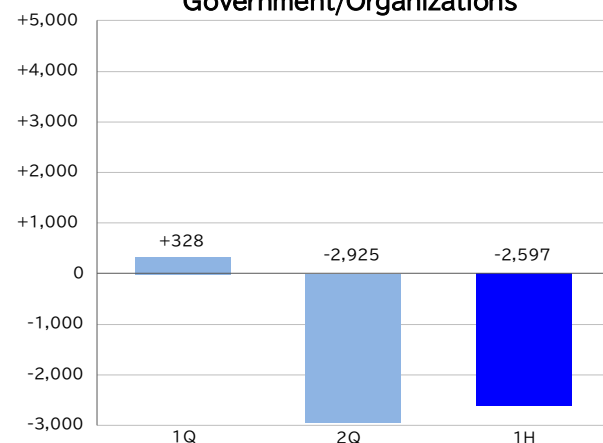
**Beverages/Cigarettes/Luxury foods**



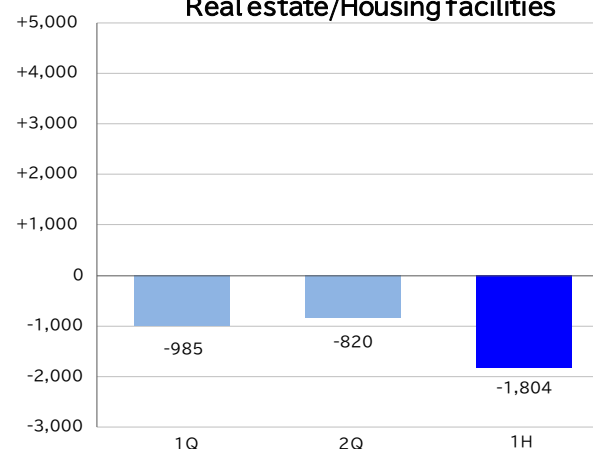
**Cosmetics/Toiletries**



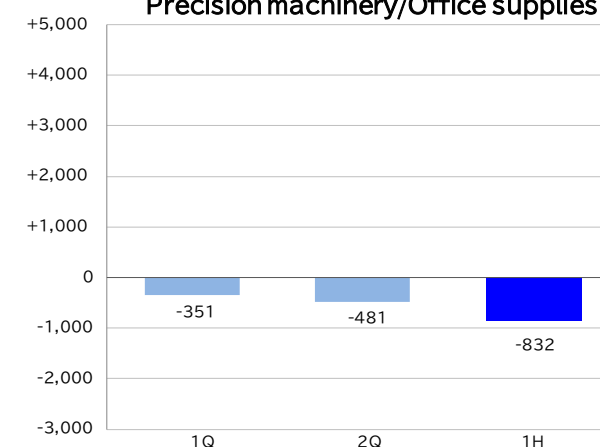
**Government/Organizations**



**Real estate/Housing facilities**



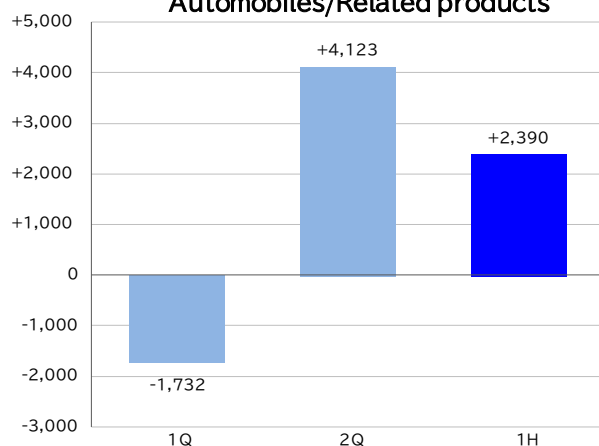
**Precision machinery/Office supplies**



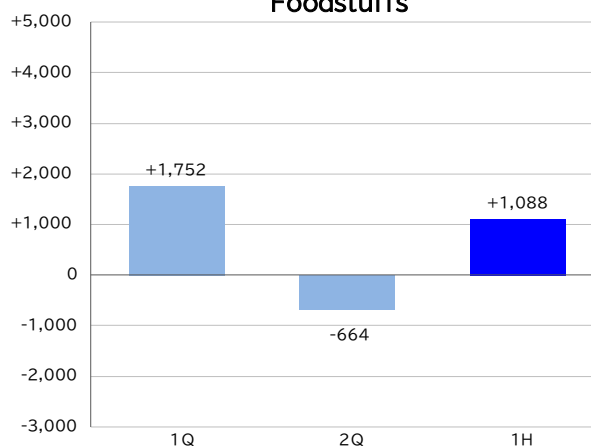
# Billings by Industry (4)

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

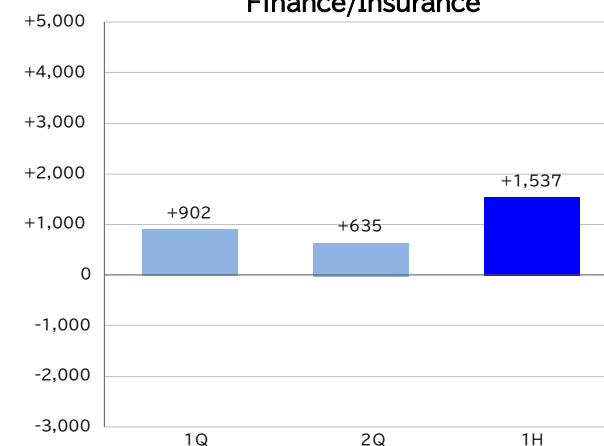
### Automobiles/Related products



### Foodstuffs



### Finance/Insurance



# Billings by Service Area

(Millions of yen)

	1 Q of FY2014	YoY comparisons		2 Q of FY2014	YoY comparisons		1 H of FY2013		1 H of FY2014		YoY comparisons	
	Amount	Change	(%)	Amount	Change	(%)	Amount	Share	Amount	Share	Change	(%)
Newspapers	14,312	(529)	-3.6%	13,816	(1,376)	-9.1%	30,032	6.5%	28,127	5.8%	(1,905)	-6.3%
Magazines	5,271	(108)	-2.0%	5,678	(182)	-3.1%	11,239	2.4%	10,949	2.3%	(290)	-2.6%
Radio	3,459	113	3.4%	3,673	48	1.3%	6,971	1.5%	7,132	1.5%	161	2.3%
Television	106,067	3,997	3.9%	104,630	2,464	2.4%	204,236	43.9%	210,697	43.3%	6,461	3.2%
<b>Mass media services sub total</b>	<b>129,109</b>	<b>3,473</b>	<b>2.8%</b>	<b>127,797</b>	<b>955</b>	<b>0.8%</b>	<b>252,478</b>	<b>54.2%</b>	<b>256,906</b>	<b>52.8%</b>	<b>4,428</b>	<b>1.8%</b>
Internet media	28,153	4,133	17.2%	25,724	3,480	15.6%	46,264	9.9%	53,877	11.1%	7,613	16.5%
Outdoor media	9,361	(303)	-3.1%	9,878	(64)	-0.6%	19,606	4.2%	19,239	4.0%	(367)	-1.9%
Creative	24,615	491	2.0%	27,149	753	2.9%	50,520	10.9%	51,765	10.6%	1,244	2.5%
Marketing/Promotion	44,699	2,996	7.2%	52,467	3,941	8.1%	90,229	19.4%	97,166	20.0%	6,937	7.7%
Others(contents, etc.)	3,170	177	5.9%	4,109	668	19.4%	6,434	1.4%	7,279	1.5%	845	13.1%
<b>Other than mass media services subtotal</b>	<b>110,000</b>	<b>7,495</b>	<b>7.3%</b>	<b>119,327</b>	<b>8,778</b>	<b>7.9%</b>	<b>213,053</b>	<b>45.8%</b>	<b>229,326</b>	<b>47.2%</b>	<b>16,273</b>	<b>7.6%</b>
<b>Sub total</b>	<b>239,108</b>	<b>10,968</b>	<b>4.8%</b>	<b>247,123</b>	<b>9,733</b>	<b>4.1%</b>	<b>465,531</b>	<b>100.0%</b>	<b>486,232</b>	<b>100.0%</b>	<b>20,701</b>	<b>4.4%</b>
Sub total for other than the above	20,597	2,301	12.6%	27,688	6,165	28.6%	39,819		48,285		8,466	21.3%
<b>Total for group</b>	<b>259,705</b>	<b>13,268</b>	<b>5.4%</b>	<b>274,811</b>	<b>15,898</b>	<b>6.1%</b>	<b>505,350</b>		<b>534,516</b>		<b>29,166</b>	<b>5.8%</b>

- In "Mass media services," Television with strong growth in TV ad spots, and Radio increased year on year.
- In "Other than mass media services," the billings increased mainly in the areas of Internet media and Marketing/promotion.

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)

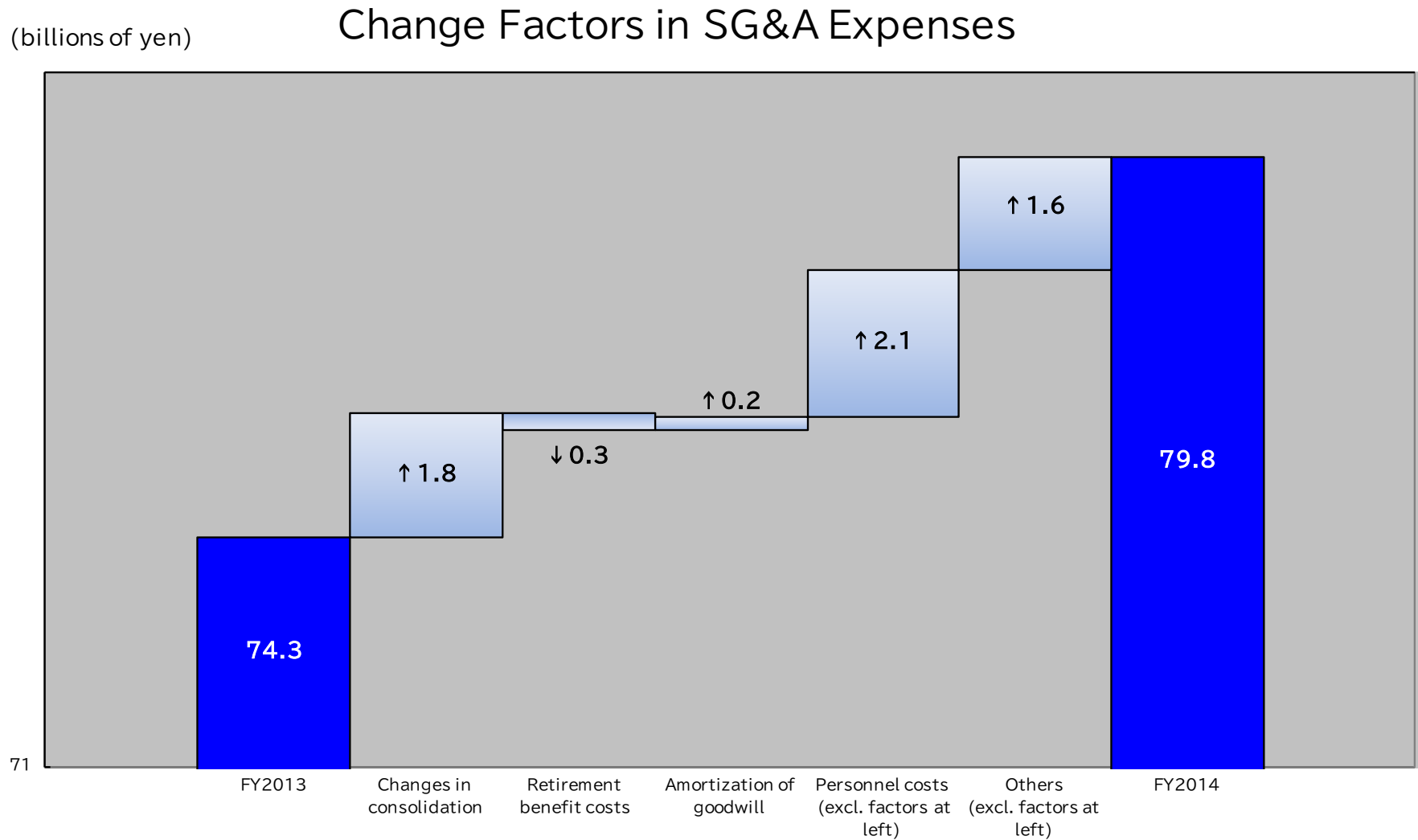
(Millions of yen)

	1 Q of		YoY comparisons		2 Q of		YoY comparisons		1 H of		YoY comparisons	
	FY2013	FY2014	Change	(%)	FY2013	FY2014	Change	(%)	FY2013	FY2014	Change	(%)
Personnel costs	25,598	26,750	1,151	4.5%	25,808	27,767	1,958	7.6%	51,407	54,517	3,110	6.1%
Other expenses (total)	11,392	11,947	555	4.9%	11,546	13,343	1,797	15.6%	22,938	25,290	2,352	10.3%
Rent	2,728	2,818	90	3.3%	2,738	2,884	146	5.3%	5,466	5,702	236	4.3%
Depreciation and amortization	469	504	35	7.5%	487	631	144	29.6%	956	1,135	179	18.7%
Amortization of goodwill	244	286	42	17.2%	248	401	153	61.7%	493	688	195	39.6%
Others	7,951	8,339	388	4.9%	8,072	9,426	1,354	16.8%	16,023	17,765	1,742	10.9%
Total SG&A expenses	36,991	38,698	1,706	4.6%	37,354	41,109	3,755	10.1%	74,345	79,807	5,461	7.3%

【Controls on plan while strengthening structure via M&A and making strategic investments】

◎Expense increases from changes in scope of consolidation: approx. ¥ 1.8 billion; Reduction in retirement benefit expenses: approx. ¥0.3 billion; Increase in amortization of goodwill: approx. ¥0.2 billion; Increase in other expenses: approx. ¥3.7 billion.

# Changes in SG&A Expenses (2)



71

FY2013

Changes in  
consolidationRetirement  
benefit costsAmortization of  
goodwillPersonnel costs  
(excl. factors at  
left)Others  
(excl. factors at  
left)

FY2014

# 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	
	FY2013	FY2014	Change	(%)	FY2013	FY2014	Change	(%)	FY2013	FY2014	Change	(%)
Non-operating income	699	601	(97)	-14.0%	516	460	(55)	-10.8%	1,215	1,061	(153)	-12.6%
Non-operating expenses	299	72	(227)	-75.9%	(77)	57	135	-174.0%	222	129	(92)	-41.5%
Total	399	528	129	32.5%	594	403	(191)	-32.2%	993	931	(61)	-6.2%

\*Net interest income (interest received - interest paid) : FY'13 +35 million FY'14 +63 million YoY change 27 million increased

\*Dividend income : FY'13 720 million FY'14 510 million YoY change 210 million decreased

\*Equity in investment income(loss) from affiliates : FY'13 71 million FY'14 134 million YoY change 63 million increased

(Millions of yen)

	1 Q of		YoY comparisons		2 Q of		YoY comparisons		1 H of		YoY comparisons	
	FY2013	FY2014	Change	(%)	FY2013	FY2014	Change	(%)	FY2013	FY2014	Change	(%)
Extraordinary gains	72	301	228		1,453	990	(463)		1,526	1,291	(234)	
Extraordinary losses	229	178	(50)		220	118	(102)		450	297	(153)	
Total	(157)	122	279		1,233	871	(361)		1,075	994	(81)	

\*Gain on sales of investment securities : FY'13 73 million FY'14 935 million YoY change 861 million increased

\*Gain on sales of affiliates' stock : FY'13 1,404 million FY'14 0 million YoY change 1,404 million decreased

\*Investment securities valuation loss : FY'13 166 million FY'14 34 million YoY change 131 million decreased

# Results by Region <Consolidated Financial Highlights>

(Millions of yen)		1 H			
		FY2013	FY2014	YoY comparisons	
				Change	(%)
Japan	Billings	488,802	511,208	22,406	4.6%
	Revenue	84,220	90,932	6,711	8.0%
	Operating Income	15,321	21,125	5,804	37.9%
International	Billings	19,663	26,226	6,563	33.4%
	Revenue	4,264	5,954	1,690	39.6%
	Operating Income	74	321	246	331.1%
Total	Billings	508,465	537,435	28,970	5.7%
	Revenue	88,485	96,887	8,401	9.5%
	Operating Income	15,396	21,447	6,050	39.3%
Elimination or corporate	Billings	(3,115)	(2,919)	196	-6.3%
	Revenue	(1,152)	(1,218)	(65)	5.7%
	Operating Income	(2,409)	(5,585)	(3,176)	131.9%
Consolidation	Billings	505,350	534,516	29,166	5.8%
	Revenue	87,332	95,669	8,336	9.5%
	Operating Income	12,986	15,861	2,874	22.1%

# Consolidated Balance Sheets

	Mar. 31, 2014		Sep.30, 2014		(Millions of yen)		(Millions of yen)	
	Amount	Share	Amount	Share	Change	(%)	Amount	Share
Current assets	455,063	77.9%	409,660	75.5%	(45,403)	-10.0%	379,555	75.6%
Fixed assets	128,907	22.1%	132,811	24.5%	3,904	3.0%	122,889	24.4%
Total assets	583,970	100.0%	542,472	100.0%	(41,498)	-7.1%	502,445	100.0%
Current liabilities	313,681	53.7%	271,698	50.1%	(41,982)	-13.4%	244,664	50.1%
Non-current liabilities	15,779	2.7%	26,772	4.9%	10,993	69.7%	12,977	2.7%
Total liabilities	329,460	56.4%	298,470	55.0%	(30,989)	-9.4%	257,642	52.8%
Total shareholders' equity	230,203	39.4%	216,893	40.0%	(13,309)	-5.8%	221,088	42.9%
Total net unrealized gains on securities and translation adjustments	8,850	1.6%	9,237	1.7%	386	4.4%	10,296	1.8%
Subscription rights to shares	209	0.0%	191	0.0%	(18)	-8.7%	255	0.0%
Minority interests	15,246	2.6%	17,678	3.3%	2,432	16.0%	13,162	2.5%
Total net assets	254,510	43.6%	244,001	45.0%	(10,509)	-4.1%	244,803	47.2%
Total liabilities and net assets	583,970	100.0%	542,472	100.0%	(41,498)	-7.1%	502,445	100.0%

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

Mar.31,'14 139.9 billion Sep.30,'14 126.2 billion 13.7 billion down

\*Notes and accounts receivable:

Mar.31,'14 276.6 billion Sep.30,'14 243.0 billion 33.6 billion down

\*Investment securities:

Mar.31,'14 61.6 billion Sep.30,'14 59.6 billion 1.9 billion down

\*Goodwill:

Mar.31,'14 3.5 billion Sep.30,'14 8.4 billion 4.9 billion up

\*Notes and accounts payable:

Mar.31,'14 260.4 billion Sep.30,'14 229.6 billion 30.8 billion down

\*Short- and long-term debt:

Mar.31,'14 5.0 billion Sep.30,'14 4.6 billion 0.4 billion down



# Consolidated Statements of Cash Flow

(Millions of yen)

	1H of		Y o Y comparisons
	FY2013	FY2014	Change
Cash flow from operating activities	(3,406)	(916)	2,490
Cash flow from investing activities	2,150	(6,920)	(9,070)
Cash flow from financing activities	(2,512)	(9,264)	(6,752)
Effect of exchange rate changes on cash and cash equivalents	776	(446)	(1,222)
Net increase (decrease) in cash and cash equivalents	(2,990)	(17,548)	(14,558)
Cash and cash equivalents, beginning of period	101,546	125,875	24,329
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	(157)	0	157
Cash and cash equivalents, end of period	98,398	108,327	9,929

**【Reference 1: Depreciation and amortization, and/or purchase of noncurrent assets】**

Depreciation and amortization	1,321	1,434	113
Payments for purchase of property and equipment	(515)	(956)	(441)
Payments for purchase of intangible fixed assets	(1,172)	(1,697)	(525)
Total purchase of noncurrent assets	(1,687)	(2,653)	(966)

**【Reference 2: Major items of 1H of FY2014 other than the above 】**
**<Cash Flows From Operating Activities>**

Income before income taxes and minority interests +¥17.7 billion, Amortization of goodwill +¥0.6 billion, decrease in notes and accounts receivable-trade +¥36.7 billion, decrease in notes and accounts payable-trade -¥31.9 billion, increase in inventories - ¥2.7 billion, income taxes paid -¥9.4 billion, decrease in allowance for bonuses -¥7.2 billion.

**<Cash Flows From Investing Activities >**

Purchase of investments in subsidiaries resulting in change in scope of consolidation -¥4.5 billion.

**<Cash Flows From Financing Activities>**

Purchase of treasury stock -¥6.2 billion, Cash dividends paid -¥2.2 billion, cash dividends paid to minority shareholders -¥0.3 billion.

# Highlights of Operating Results at Major Subsidiaries

(Millions of yen)

	1 H of		YoY comparisons	
	FY2013	FY2014	Change	(%)
<b>Hakuhodo (*)</b>				
Billings	362,104	393,054	30,949	8.5%
Ordinary income	9,589	12,525	2,936	30.6%
Net income	4,956	7,388	2,432	49.1%
<b>Daiko Advertising (*)</b>				
Billings	70,171	69,494	(676)	-1.0%
Ordinary income	(95)	160	256	-
Net income	(362)	15	377	-
<b>Yomiko Advertising (*)</b>				
Billings	37,709	34,744	(2,964)	-7.9%
Ordinary income	371	128	(243)	-65.5%
Net income	140	10	(130)	-92.9%

◎Billings were up ¥30.9 billion, or 8.5%, year on year.

By client industry

Increases: Information/Communications and  
Beverages/Cigarettes/Luxury foods  
Decreases: Government/Organizations and Publications

◎In addition to increased billings, the gross margin rose, and with the rate of SG&A expense growth held below the rate of revenue growth, large increases in both ordinary income and net income.

◎Billings were down ¥0.6 billion, or 1.0%, year on year.

By client industry

Increase: Cosmetics/Toiletries and Beverages/Cigarettes/Luxury  
foods  
Decreases: Classified advertising/Other and Pharmaceuticals/Medical  
supplies

◎Both ordinary income and net income turned profitable on higher gross margin and SG&A expense controls.

◎Billings were down ¥2.9billion, or 7.9%, year on year.

By client industry

Increases: Foodstuffs and Transportation/Leisure  
Decreases: Real estate/Housing facilities and  
Beverages/Cigarettes/Luxury foods

◎Although billings declined in falloff following extraordinary demand ahead of the consumption tax hike, ordinary income and net income maintained profitability on higher gross margin and SG&A expense reductions.

\*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.

<MEMO>

# Consolidated Business Outlook for Fiscal 2014

# Consolidated Business Outlook for Fiscal 2014 (1)

Despite the possibility of a shortfall from full-year billings forecast, profit forecasts remain unchanged

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- ◎ With an increasingly uncertain macroeconomic outlook, the possibility of a shortfall from the initial 2H billings forecast has emerged.
- ◎ Nevertheless, we expect to be able to maintain the 1H's high levels of profitability in the 2H.
- ◎ Even in the event of a shortfall in billings for the second half, we believe it will be possible to absorb the impact on profit by maintaining high profitability, and at this time we view our full-year forecast for operating income as achievable.

## Consolidated Business Outlook for Fiscal 2014 (2)

As of Nov. 7, 2014

(Millions of yen)

	1H				2H				Full Year			
	FY2013	FY2014	YoY		FY2013	FY2014	YoY		FY2013	FY2014	YoY	
	(Result)	(Result)	change	(%)	(Result)	(Forecasts)	change	(%)	(Result)	(Forecasts)	change	(%)
Billings	505,350	534,516	29,166	5.8%	590,559	616,484	25,925	4.4%	1,095,909	1,151,000	55,090	5.0%
Revenue	87,332	95,669	8,336	9.5%	102,817	105,831	3,014	2.9%	190,150	201,500	11,349	6.0%
(Gross margin)	(17.3%)	(17.9%)	(+0.6%)		(17.4%)	(17.2%)	(-0.2%)		(17.4%)	(17.5%)	(+0.2%)	
SG&A expenses	74,345	79,807	5,461	7.3%	81,887	86,193	4,306	5.3%	156,233	166,000	9,766	6.3%
Operating income	12,986	15,861	2,874	22.1%	20,929	19,639	(1,290)	-6.2%	33,916	35,500	1,583	4.7%
(Operating margin)	(14.9%)	(16.6%)	(+1.7%)		(20.4%)	(18.6%)	(-1.8%)		(17.8%)	(17.6%)	(-0.2%)	
Non-operating items	993	931	(61)		522	1,169	647		1,515	2,100	584	
Ordinary income	13,980	16,793	2,812	20.1%	21,451	20,807	(644)	-3.0%	35,432	37,600	2,167	6.1%
Extraordinary items	1,075	994	(81)		531	(1,494)	(2,025)		1,607	(500)	(2,107)	
Income before income Taxes and minority interests	15,056	17,787	2,731	18.1%	21,983	19,313	(2,670)	-12.1%	37,039	37,100	60	0.2%
Net income	7,328	9,423	2,095	28.6%	11,393	9,477	(1,916)	-16.8%	18,721	18,900	178	1.0%
Dividend per share	6.0	7.5			6.0	7.5			12.0	15.0	3.0	(yen)

(Operating margin = Operating income / Revenue)

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

Amortization of goodwill	493	688	195	39.6%	490	611	121	24.7%	983	1,300	316	32.1%
Operating income before amortization of goodwill	13,480	16,549	3,069	22.8%	21,420	20,250	(1,169)	-5.5%	34,900	36,800	1,899	5.4%
Operating margin before amortization of goodwill	15.4%	17.3%	1.9%		20.8%	19.1%	-1.7%		18.4%	18.3%	-0.1%	

# Consolidated Business Outlook for Fiscal 2014 (3)

[Reference] Announced May 9, 2014

## Higher Billings and Earnings Projected in the First Year of the New Medium-term Business Plan

### ◎Macro environment: Growth in Japan' s advertising market of approximately +2-3%

- Against the backdrop of a recovery in the Japanese economy, Japan' s advertising market is expected to experience modest growth.
- Overseas advertising markets centered on Asia are expected to grow at a faster pace than the Japanese market.

### ◎Billings: ¥1,151.0 billion, up 5.0% 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.

### ◎Revenue: ¥201.5 billion, up 6.0% year on year

- The Group aims to drive earnings growth by maintaining a high gross margin and benefiting from contributions from newly consolidated.

### ◎SG&A Expenses: ¥166.0 billion, up 6.3% year on year

- The Group will control the rate of growth in SG&A expenses at a level close to that of revenue, despite an increase in amortization of goodwill and strategic investments in certain.

### ◎Operating Income: ¥35.5 billion, up 4.7% year on year

### ◎Operating Margin: 17.6%, down 0.2 percentage points year on year

### ◎Operating income before amortization of goodwill and operating margin: ¥36.8 billion, 18.3%

- Amortization of goodwill is projected at ¥1.3 billion. Supported in part by a favorable external environment, the Group will maintain a high level of profitability on par with the previous fiscal year.

### ◎Net Income: ¥18.9 billion, up 1.0% year on year

- Net income is projected to increase slightly due to the absence of an extraordinary gain recorded in the previous fiscal 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 ¥15 in the year ending March 31, 2015, up ¥3 from ¥12 paid in the previous year ended March 31, 2014.

## Consolidated Business Outlook for Fiscal 2014 (4)

[Reference] Announced May 9, 2014

As of May. 9, 2014

(Millions of yen)

	1H				2H				Full Year			
	FY2013	FY2014	YoY		FY2013	FY2014	YoY		FY2013	FY2014	YoY	
	(Result)	(Forecasts)	change	(%)	(Result)	(Forecasts)	change	(%)	(Result)	(Forecasts)	change	(%)
Billings	505,350	536,300	30,949	6.1%	590,559	614,700	24,141	4.1%	1,095,909	1,151,000	55,090	5.0%
Revenue	87,332	93,200	5,867	6.7%	102,817	108,300	5,483	5.3%	190,150	201,500	11,349	6.0%
(Gross margin)	(17.3%)	(17.4%)	(+0.1%)		(17.4%)	(17.6%)	(+0.2%)		(17.4%)	(17.5%)	(+0.2%)	
SG&A expenses	74,345	79,700	5,354	7.2%	81,887	86,300	4,413	5.4%	156,233	166,000	9,766	6.3%
Operating income	12,986	13,500	513	4.0%	20,929	22,000	1,071	5.1%	33,916	35,500	1,583	4.7%
(Operating margin)	(14.9%)	(14.5%)	(-0.4%)		(20.4%)	(20.3%)	(-0.0%)		(17.8%)	(17.6%)	(-0.2%)	
Non-operating items	993	1,400	406		522	700	178		1,515	2,100	584	
Ordinary income	13,980	14,900	919	6.6%	21,451	22,700	1,249	5.8%	35,432	37,600	2,167	6.1%
Extraordinary items	1,075	(250)	(1,325)		531	(250)	(781)		1,607	(500)	(2,107)	
Income before income Taxes and minority interests	15,056	14,650	(406)	-2.7%	21,983	22,450	467	2.1%	37,039	37,100	60	0.2%
Net income	7,328	7,450	121	1.7%	11,393	11,450	57	0.5%	18,721	18,900	178	1.0%
Dividend per share	6.0	7.5			6.0	7.5			12.0	15.0	3.0	(yen)

(Operating margin = Operating income / Revenue)

Amortization of goodwill	493	600	107	21.7%	490	700	210	42.9%	983	1,300	317	32.2%
Operating income before amortization of goodwill	13,479	14,100	621	4.6%	21,420	22,700	1,280	6.0%	34,899	36,800	1,901	5.4%
Operating margin before amortization of goodwill	15.4%	15.1%	-0.3%		20.8%	21.0%	0.1%		18.4%	18.3%	-0.1%	



HakuhodoDY holdings

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