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## Consolidated Financial Highlights for 3Q of FY2014

Hakuholdo DY Holdings Inc. has summarized key data from its third-quarter earnings report for fiscal 2014, the year ending March 31, 2015, released today, in the following reference materials.

### 1. Summary Consolidated Income Statements (April 1 to December 31, 2014)

(Millions of yen)

	3Q of FY2013 (Result)	3Q of FY2014 (Result)	YoY Comparison	
			Change	(%)
Billings	785,005	823,134	38,129	4.9%
Revenue	134,986	148,892	13,905	10.3%
(Gross margin)	(17.2%)	(18.1%)	(+0.9%)	
SG&A expenses	112,538	122,542	10,004	8.9%
Operating income	22,448	26,349	3,901	17.4%
(Operating margin)*	(16.6%)	(17.7%)	(+1.1%)	
Non-operating items	806	1,647	840	
Ordinary income	23,254	27,997	4,742	20.4%
Extraordinary items	1,026	1,265	238	
Income before income taxes and minority interests	24,281	29,262	4,980	20.5%
Net income	12,365	15,763	3,398	27.5%

\* Operating margin = Operating income / Revenue

During the first nine months of fiscal 2014 (April 1 to December 31, 2014), the Japanese economy experienced weakness from cooling retail consumption in the wake of accelerated demand ahead of the April consumption tax increase combined with poor weather as well as from sluggish growth in capital investment and manufacturing. On the other hand, the domestic advertising market\*<sup>1</sup> was solid, with total sales in April flat with April 2013 but followed by a continued trend of recovery with year-on-year growth for the seven consecutive months from May.

In this business environment, the Hakuholdo DY Group continued to proactively develop its business in accordance with the Medium-Term Business Plan announced in November 2013, covering the period through fiscal 2018. As a result, billings rose 4.9% year on year, to ¥823,134 million.

By service area, billings for mass media services in the first nine months of fiscal 2014 grew 1.8% year on year, on growth in Television from strength in TV ad spots and in Radio. Billings for other than mass media services rose 4.8% year on year, mainly on growth in Internet media as well as in Marketing / Promotion and Creative.

By industry of clients year-on-year billings growth was recorded in a wide range of industries, with the main increases seen in Transportation / Leisure, Pharmaceuticals / Medical supplies, and Finance / Insurance, while the main declines were recorded in Real estate / Housing facilities, Publications, and Precision machinery / Office supplies<sup>2</sup>.

Revenue increased ¥13,905 million, or 10.3%, year on year, to ¥148,892 million, as a result of various ongoing activities to raise profitability across the Group. SG&A expenses were affected by the inclusion of profit and loss at companies newly added to the scope of consolidation; however, with efforts to make expenditures more efficient and concentrated, the increase in SG&A expenses was held to 8.9%, below the rate of revenue growth. As a result, both operating income and ordinary income increased by wide margins, with operating income up 17.4%, to a record ¥26,349 million, and ordinary income up 20.4%, to ¥27,997 million.

With the additional recording of a 5.9% year-on-year increase in extraordinary gains, to ¥1,755 million, and a 22.3% year-on-year decrease in extraordinary losses, to ¥489 million, income before income taxes and minority interests rose 20.5%, to ¥29,262 million. After the payment of income taxes and the deduction of minority interests, net income grew 27.5%, to ¥15,763 million.

#### Notes

1. According to the Survey of Selected Service Industries (Ministry of Economy, Trade and Industry, Japan).

2. Based on internal management categories and data compiled by the Company.

#### 2. Consolidated Balance Sheets (Condensed), as of December 31, 2014

	31-Mar-14		31-Dec-14		(Millions of yen)	
	Amount	Share	Amount	Share	Comparison with March 31, 2014	
					Change	(%)
Current assets	455,063	77.9%	435,344	74.7%	(19,719)	-4.3%
Fixed assets	128,907	22.1%	147,165	25.3%	18,258	14.2%
Total assets	583,970	100.0%	582,510	100.0%	(1,460)	-0.3%
Current liabilities	313,681	53.7%	290,337	49.8%	(23,343)	-7.4%
Non-current liabilities	15,779	2.7%	31,455	5.4%	15,676	99.4%
Total liabilities	329,460	56.4%	321,793	55.2%	(7,666)	-2.3%
Total shareholders' equity	230,203	39.4%	220,456	37.9%	(9,746)	-4.2%
Total net unrealized gains on securities and translation adjustments	8,850	1.6%	21,356	3.7%	12,505	141.3%
Subscription rights to shares	209	0.0%	194	0.0%	(15)	-7.2%
Minority interests	15,246	2.6%	18,709	3.2%	3,462	22.7%
Total net assets	254,510	43.6%	260,717	44.8%	6,206	2.4%
Total liabilities and net assets	583,970	100.0%	582,510	100.0%	(1,460)	-0.3%

### 3. Consolidated Forecasts for Fiscal 2014 (April 1, 2014 to March 31, 2015)

The Company has reviewed its full-year consolidated business forecasts for fiscal 2014 in light of results for the third quarter and recent developments. As outlined below, we do not anticipate significant differences from our consolidated forecasts announced on May 9, 2014, and are therefore leaving those forecasts unchanged.

◎ Billings: Although we expect a contribution to fourth-quarter billings from progress in mergers and acquisitions being pursued under the new Medium-Term Business Plan, we also anticipate a falloff from the accelerated demand experienced in the year-earlier period ahead of the consumption tax increase, and we therefore expect billings to be held to the previous year's level. As a result, we project a slight shortfall from our full-year billings forecast announced in May 2014.

◎ Operating income: We expect to be able to maintain the third quarter's high level of profitability in the fourth quarter. We therefore expect to be able to absorb the effect on profit from a shortfall in billings and consider the ¥35.5 billion forecast for full-year operating income to be achievable.

For reference, the consolidated business forecasts for fiscal 2014, ending March 31, 2015, announced on May 9, 2014, are as follows.

(Millions of yen)

	Full-year			
	FY2013	FY2014	Y o Y Comparisons	
	(Result)	(Forecasts)	Change	(%)
Billings	1,095,909	1,151,000	55,090	5.0%
Operating income	33,916	35,500	1,583	4.7%
Ordinary income	35,432	37,600	2,167	6.1%
Net income	18,721	18,900	178	1.0%
(Operating margin)*	(17.8%)	(17.6%)	(-0.2%)	

\* Operating margin = Operating income / Revenue

(Note)

Forecasts in this press release are based on certain assumptions deemed to be reasonable by the Company at the time of announcement. Actual results may differ materially from these forecasts due to a variety of reasons.