

Hakuhodo DY holdings

# Consolidated Financial Highlights Fiscal Year Ended March 31, 2016 (FY2015)

2016.5.12

# 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 FY 2015

# Consolidated Financial Highlights (1)

## Operating income before amortization of goodwill of ¥47.2 billion, achieved Medium-Term Business Plan target ahead of schedule

- ◎ **Billings: ¥1215.2 billion, up 7.4% year on year**
  - Double-digit billings growth from proactive marketing in 2H and contribution from mergers and acquisitions.
  - » Billings increased in Distribution / Retailing, Information / Communications, and Transportation / Leisure. Billings decreased in Automobiles / Related products, Home electric appliances / AV equipment, and Education / Medical services / Religion.
  - » By service area: 2H recovery in television led to full-year growth for “Mass media services subtotal.” Billings also rose for “Other than mass media services subtotal” on growth in all segments, led by Internet media.
- ◎ **Revenue: ¥232.4 billion, up 12.9%, or 26.6 billion year on year**
- ◎ **Gross margin: 19.1%, up 0.9 of a percentage point year on year**
  - Overseas revenue grew, mainly from fee businesses acquired via mergers and acquisitions, leading to higher gross margin (approximately 0.6 point increase). Initiatives to enhance profitability by domestic Group companies also contributed.
- ◎ **SG&A Expenses: ¥ 187.5 billion, up 10.9%, or ¥ 18.4 billion year on year**
  - SG&A expenses rose on investments including mergers and acquisitions to strengthen the organization and other strategic investments under the Medium-Term Business Plan. However, through continued efforts to control SG&A expenses, the rate of increase was held below the rate of revenue growth.
- ◎ **Operating income: ¥44.9 billion, up 22.2%, or ¥8.1 billion year on year**
  - High 2H revenue growth combined with SG&A expense controls resulted in 4th consecutive year of record operating income.
- ◎ **Operating income before amortization of goodwill: ¥47.2 billion, up 22.8%, or 8.7 billion year on year**
  - Achieved Medium-Term Business Plan target of ¥45.0 billion in FY2018 ahead of schedule.
- ◎ **Incremental effect of mergers and acquisitions (approximate):** Revenue: +¥11.3 billion; SG&A (including amortization of goodwill), +¥11.3 billion; Operating income, close to ¥0.1 billion.
- ◎ **Net income: ¥28.5 billion, up 43.5%, or ¥8.6 billion year on year**
- ◎ **ROE: 10.6%**

# Consolidated Financial Highlights (2)

(Millions of yen)

	1H of				2H of				Total of			
	FY2014	FY2015	YoY comparisons		FY2014	FY2015	YoY comparisons		FY2014	FY2015	YoY comparisons	
			Change	(%)			Change	(%)			Change	(%)
Billings	534,516	547,189	12,673	2.4%	596,548	668,060	71,512	12.0%	1,131,064	1,215,250	84,185	7.4%
Revenue	95,669	103,961	8,292	8.7%	110,198	128,536	18,338	16.6%	205,867	232,498	26,631	12.9%
(Gross margin)	(17.9%)	(19.0%)	(+1.1%)		(18.5%)	(19.2%)	(+0.8%)		(18.2%)	(19.1%)	(+0.9%)	
SG&A expenses	79,807	87,621	7,813	9.8%	89,237	99,882	10,644	11.9%	169,045	187,503	18,458	10.9%
Operating income	15,861	16,340	479	3.0%	20,960	28,654	7,693	36.7%	36,821	44,994	8,173	22.2%
(Operating margin)	(16.6%)	(15.7%)	(-0.9%)		(19.0%)	(22.3%)	(+3.3%)		(17.9%)	(19.4%)	(+1.5%)	
Non-operating items	931	1,439	507		1,151	1,061	(90)		2,083	2,500	417	
Ordinary income	16,793	17,779	986	5.9%	22,111	29,715	7,603	34.4%	38,904	47,495	8,590	22.1%
Extraordinary items	994	(163)	(1,158)		(974)	(1,080)	(105)		19	(1,243)	(1,263)	
Income before income taxes and minority interests	17,787	17,616	(171)	-1.0%	21,137	28,635	7,498	35.5%	38,924	46,251	7,327	18.8%
Net income	9,423	10,264	841	8.9%	10,456	18,267	7,810	74.7%	19,879	28,531	8,652	43.5%
Amortization of goodwill	688	803	115	16.8%	984	1,486	502	51.0%	1,672	2,290	617	36.9%
Operating Income before Amortization of goodwill	16,549	17,144	594	3.6%	21,944	30,140	8,196	37.3%	38,494	47,285	8,790	22.8%
Operating margin before Amortization of goodwill	17.3%	16.5%	-0.8%		19.9%	23.4%	3.5%		18.7%	20.3%	1.6%	
(Operating margin = Operating income / Revenue)												
Dividend per share	7.5	9.0		(yen)	7.5	9.0			15.0	18.0	3.0	(yen)

Note: (1) Amortization of goodwill refers to the amortization of goodwill and other intangible assets arising from corporate acquisitions.  
 (2) Operating income before amortization of goodwill refers to operating income that has been calculated excluding the amortization of goodwill and other intangible assets arising from corporate acquisitions.  
 (3) Net income refers to profit attributable to owners of parent.

# Consolidated Financial Highlights (3)

(Millions of yen)

	1Q of			2Q of			3Q of			4Q of			Total of		
	FY2015	YoY comparisons		FY2015	YoY comparisons		FY2015	YoY comparisons		FY2015	YoY comparisons		FY2015	YoY comparisons	
		Change	(%)		Change	(%)		Change	(%)		Change	(%)		Change	(%)
Billings	266,329	6,624	2.6%	280,859	6,048	2.2%	324,358	35,740	12.4%	343,702	35,771	11.6%	1,215,250	84,185	7.4%
Revenue	48,466	3,996	9.0%	55,495	4,296	8.4%	61,721	8,498	16.0%	66,814	9,839	17.3%	232,498	26,631	12.9%
(Gross margin)	(18.2%)	(+1.1%)		(19.8%)	(+1.1%)		(19.0%)	(+0.6%)		(19.4%)	(+0.9%)		(19.1%)	(+0.9%)	
SG&A expenses	42,451	3,753	9.7%	45,169	4,060	9.9%	47,108	4,373	10.2%	52,774	6,271	13.5%	187,503	18,458	10.9%
Operating income	6,014	242	4.2%	10,325	236	2.3%	14,613	4,125	39.3%	14,040	3,568	34.1%	44,994	8,173	22.2%
(Operating margin)	(12.4%)	(-0.6%)		(18.6%)	(-1.1%)		(23.7%)	(+4.0%)		(21.0%)	(+2.6%)		(19.4%)	(+1.5%)	
Non-operating items	755	227		683	280		533	(182)		527	91		2,500	417	
Ordinary income	6,770	469	7.5%	11,009	517	4.9%	15,147	3,943	35.2%	14,568	3,660	33.6%	47,495	8,590	22.1%
Extraordinary items	(71)	(194)		(91)	(963)		(349)	(619)		(731)	514		(1,243)	(1,263)	
Income before income taxes and minority interests	6,698	275	4.3%	10,917	(446)	-3.9%	14,798	3,323	29.0%	13,837	4,174	43.2%	46,251	7,327	18.8%
Net income	2,976	203	7.3%	7,287	637	9.6%	8,631	2,291	36.1%	9,635	5,519	134.1%	28,531	8,652	43.5%
Amortization of goodwill	369	82	28.7%	434	33	8.2%	655	183	38.8%	830	318	62.2%	2,290	617	36.9%
Operating Income before Amortization of goodwill	6,383	325	5.4%	10,760	269	2.6%	15,269	4,308	39.3%	14,871	3,887	35.4%	47,285	8,790	22.8%
Operating margin before Amortization of goodwill	13.2%	-0.5%		19.4%	-1.1%		24.7%	4.1%		22.3%	3.0%		20.3%	1.6%	

(Operating margin = Operating income / Revenue)

Note: (1) Amortization of goodwill refers to the amortization of goodwill and other intangible assets arising from corporate acquisitions.  
 (2) Operating income before amortization of goodwill refers to operating income that has been calculated excluding the amortization of goodwill and other intangible assets arising from corporate acquisitions.  
 (3) Net income refers to profit attributable to owners of parent.

# Consolidated Financial Highlights (4)

[Differences between full-year results and forecast announced in February 2016]

(Millions of yen)

	Full Year					Full Year				Differences between full-year results and forecast announced in February 2016		
	FY2014 (Result)	New forecasts as of Feb 5, '16	YoY			FY2014 (Result)	FY2015 (Result)	YoY				
			change	(%)				change	(%)	change	(%)	
Billings	1,131,064	1,198,000	66,935	5.9%		1,131,064	1,215,250	84,185	7.4%		17,250	1.4%
Revenue	205,867	228,000	22,132	10.8%		205,867	232,498	26,631	12.9%		4,498	2.0%
(Gross margin)	(18.2%)	(19.0%)	(+0.8%)			(18.2%)	(19.1%)	(+0.9%)			(+0.1%)	
SG&A expenses	169,045	186,500	17,454	10.3%		169,045	187,503	18,458	10.9%		1,003	0.5%
Operating income	36,821	41,500	4,678	12.7%		36,821	44,994	8,173	22.2%		3,494	8.4%
(Operating margin)	(17.9%)	(18.2%)	(+0.3%)			(17.9%)	(19.4%)	(+1.5%)			(+1.2%)	
Non-operating items	2,083	2,400	316			2,083	2,500	417			100	
Ordinary income	38,904	43,900	4,995	12.8%		38,904	47,495	8,590	22.1%		3,595	8.2%
Extraordinary items	19	(700)	(719)			19	(1,243)	(1,263)			(543)	
Income before income Taxes and minority interests	38,924	43,200	4,275	11.0%		38,924	46,251	7,327	18.8%		3,051	7.1%
Net income	19,879	21,900	2,020	10.2%		19,879	28,531	8,652	43.5%		6,631	30.3%
Dividend per share	15.0	18.0	3.0 (yen)			15.0	18.0	3.0 (yen)				
(Operating margin = Operating income / Revenue)												
Amortization of goodwill	1,672	2,100	427	25.5%		1,672	2,290	617	36.9%		190	9.0%
Operating income before amortization of goodwill	38,494	43,600	5,105	13.3%		38,494	47,285	8,790	22.8%		3,685	8.5%
Operating margin before amortization of goodwill	18.7%	19.1%	0.4%			18.7%	20.3%	1.6%			1.2%	

NOTE : Net income refers to profit attributable to owners of parent.

# Results by Region

(Millions of yen)		1H of				2H of				Total of			
		FY2014	FY2015	YoY comparisons		FY2014	FY2015	YoY comparisons		FY2014	FY2015	YoY comparisons	
				Change	(%)			Change	(%)			Change	(%)
Japan	Billings	511,208	518,247	7,039	1.4%	571,178	626,052	54,874	9.6%	1,082,386	1,144,300	61,913	5.7%
	Revenue	90,932	94,648	3,716	4.1%	102,473	113,905	11,431	11.2%	193,406	208,554	15,147	7.8%
	(Gross margin)	(17.8%)	(18.3%)	(+0.5%)		(17.9%)	(18.2%)	(+0.3%)		(17.9%)	(18.2%)	(+0.4%)	
	Operating Income	21,125	21,862	736	3.5%	27,021	34,983	7,962	29.5%	48,147	56,846	8,698	18.1%
	(Operating margin)	(23.2%)	(23.1%)	(-0.1%)		(26.4%)	(30.7%)	(+4.3%)		(24.9%)	(27.3%)	(+2.4%)	
International	Billings	26,226	32,314	6,087	23.2%	29,520	45,033	15,512	52.5%	55,747	77,348	21,600	38.7%
	Revenue	5,954	10,616	4,661	78.3%	8,863	15,821	6,957	78.5%	14,818	26,437	11,619	78.4%
	(Gross margin)	(22.7%)	(32.9%)	(+10.1%)		(30.0%)	(35.1%)	(+5.1%)		(26.6%)	(34.2%)	(+7.6%)	
	Operating Income	321	232	(88)	-27.5%	(330)	(18)	311	-94.4%	(9)	214	223	
	(Operating margin)	(5.4%)	(2.2%)	(-3.2%)		(-3.7%)	(-0.1%)	(+3.6%)		(-0.1%)	(0.8%)	(+0.9%)	
Total	Billings	537,435	550,562	13,127	2.4%	600,699	671,086	70,386	11.7%	1,138,134	1,221,648	83,513	7.3%
	Revenue	96,887	105,265	8,377	8.6%	111,337	129,727	18,389	16.5%	208,225	234,992	26,767	12.9%
	Operating Income	21,447	22,095	648	3.0%	26,690	34,964	8,273	31.0%	48,138	57,060	8,922	18.5%
Elimination or corporate	Billings	(2,919)	(3,372)	(453)	15.5%	(4,150)	(3,025)	1,125	-27.1%	(7,069)	(6,398)	671	-9.5%
	Revenue	(1,218)	(1,303)	(84)	7.0%	(1,139)	(1,190)	(50)	4.5%	(2,357)	(2,493)	(135)	5.8%
	Operating Income	(5,585)	(5,755)	(169)	3.0%	(5,730)	(6,310)	(579)	10.1%	(11,316)	(12,065)	(749)	6.6%
Consolidation	Billings	534,516	547,189	12,673	2.4%	596,548	668,060	71,512	12.0%	1,131,064	1,215,250	84,185	7.4%
	Revenue	95,669	103,961	8,292	8.7%	110,198	128,536	18,338	16.6%	205,867	232,498	26,631	12.9%
	(Gross margin)	(17.9%)	(19.0%)	(+1.1%)		(18.5%)	(19.2%)	(+0.8%)		(18.2%)	(19.1%)	(+0.9%)	
	Operating Income	15,861	16,340	479	3.0%	20,960	28,654	7,693	36.7%	36,821	44,994	8,173	22.2%
	(Operating margin)	(16.6%)	(15.7%)	(-0.9%)		(19.0%)	(22.3%)	(+3.3%)		(17.9%)	(19.4%)	(+1.5%)	



# Billings by Industry (1)

(Millions of yen)

	1H of FY2015	YoY comparisons		2H of FY2015	YoY comparisons		Total of FY2014		Total of FY2015		YoY comparisons	
	Amount	Change	(%)	Amount	Change	(%)	Amount	Share	Amount	Share	Change	(%)
Automobiles/Related products	59,569	(5,157)	-8.0%	73,990	(5)	0.0%	138,721	14.3%	133,559	13.1%	(5,162)	-3.7%
Beverages/Cigarettes/Luxury foods	58,131	(3,832)	-6.2%	60,431	5,007	9.0%	117,387	12.1%	118,562	11.6%	1,174	1.0%
Information/Communications	48,881	(609)	-1.2%	65,563	11,458	21.2%	103,595	10.7%	114,444	11.2%	10,849	10.5%
Foodstuffs	37,574	869	2.4%	38,830	6,040	18.4%	69,496	7.2%	76,404	7.5%	6,909	9.9%
Cosmetics/Toiletries	33,705	(268)	-0.8%	38,215	3,775	11.0%	68,413	7.1%	71,920	7.0%	3,506	5.1%
Finance/Insurance	28,398	1,351	5.0%	31,749	(198)	-0.6%	58,995	6.1%	60,148	5.9%	1,153	2.0%
Pharmaceuticals/Medical supplies	24,834	281	1.1%	28,289	(832)	-2.9%	53,673	5.5%	53,123	5.2%	(550)	-1.0%
Distribution/Retailing	24,300	2,639	12.2%	35,127	8,552	32.2%	48,236	5.0%	59,427	5.8%	11,191	23.2%
Transportation/Leisure	21,985	630	2.9%	31,174	6,749	27.6%	45,780	4.7%	53,159	5.2%	7,379	16.1%
Real estate/Housing facilities	20,009	809	4.2%	22,677	1,051	4.9%	40,827	4.2%	42,686	4.2%	1,859	4.6%
Home electric appliances/AV equipment	11,713	(606)	-4.9%	14,983	(1,769)	-10.6%	29,071	3.0%	26,696	2.6%	(2,375)	-8.2%
Restaurant/Services	16,139	3,377	26.5%	16,324	1,410	9.5%	27,676	2.9%	32,463	3.2%	4,788	17.3%
Publications	10,781	914	9.3%	12,907	(338)	-2.5%	23,112	2.4%	23,688	2.3%	576	2.5%
Household products	9,534	1,194	14.3%	9,606	536	5.9%	17,409	1.8%	19,140	1.9%	1,731	9.9%
Government/Organizations	5,260	1,557	42.1%	10,529	(2,455)	-18.9%	16,687	1.7%	15,790	1.5%	(897)	-5.4%
Education/Medical services/Religion	5,811	730	14.4%	8,732	(2,698)	-23.6%	16,512	1.7%	14,543	1.4%	(1,969)	-11.9%
Hobby supplies/Sporting goods	6,357	862	15.7%	9,573	2,330	32.2%	12,737	1.3%	15,930	1.6%	3,192	25.1%
Apparel/Accessories	5,733	(548)	-8.7%	7,751	1,385	21.7%	12,648	1.3%	13,485	1.3%	837	6.6%
Energy/Material/Machinery	5,119	(521)	-9.2%	8,826	2,008	29.5%	12,458	1.3%	13,945	1.4%	1,487	11.9%
Precision machinery/Office supplies	3,136	369	13.3%	4,480	606	15.6%	6,641	0.7%	7,616	0.7%	975	14.7%
Classified advertising/Other	24,630	1,260	5.4%	28,811	3,814	15.3%	48,368	5.0%	53,442	5.2%	5,074	10.5%
Sub total	461,600	5,299	1.2%	558,567	46,427	9.1%	968,442	100.0%	1,020,167	100.0%	51,725	5.3%
Sub total for other than the above	85,590	7,374	9.4%	109,493	25,086	29.7%	162,623		195,083		32,460	20.0%
Total for group	547,189	12,673	2.4%	668,060	71,512	12.0%	1,131,064		1,215,250		84,185	7.4%

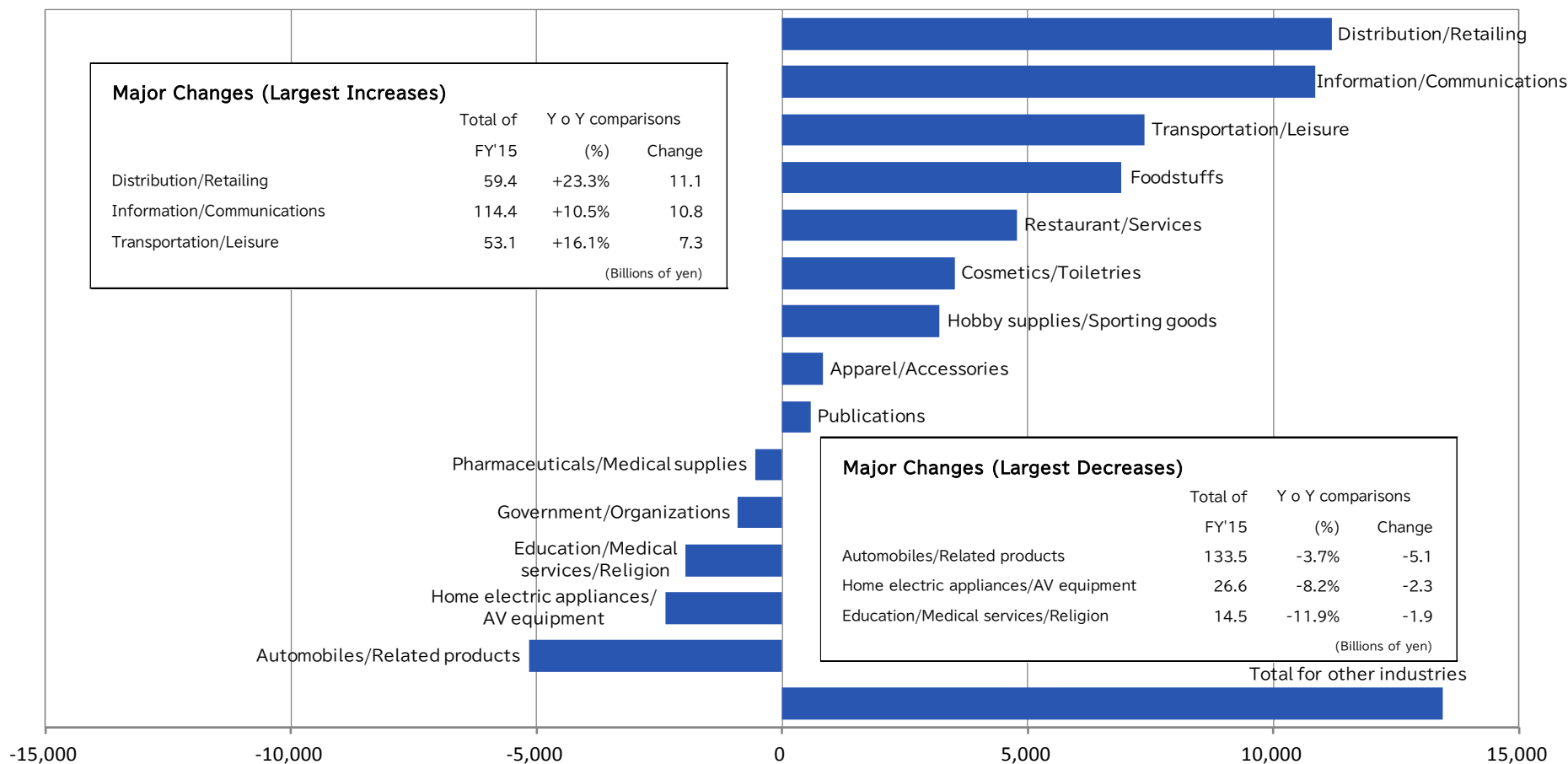
Note (1) The amount of billings in "Sub total" under billings by industry differs from that of "Sub total" under billings by service area. This difference reflects the presence of certain Group companies that are able to classify billings by service area but not by industry. Billings from such companies 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 list is arranged in order of largest amount of billings by industry for the fiscal year ended March 31, 2015.

# Billings by Industry (2)

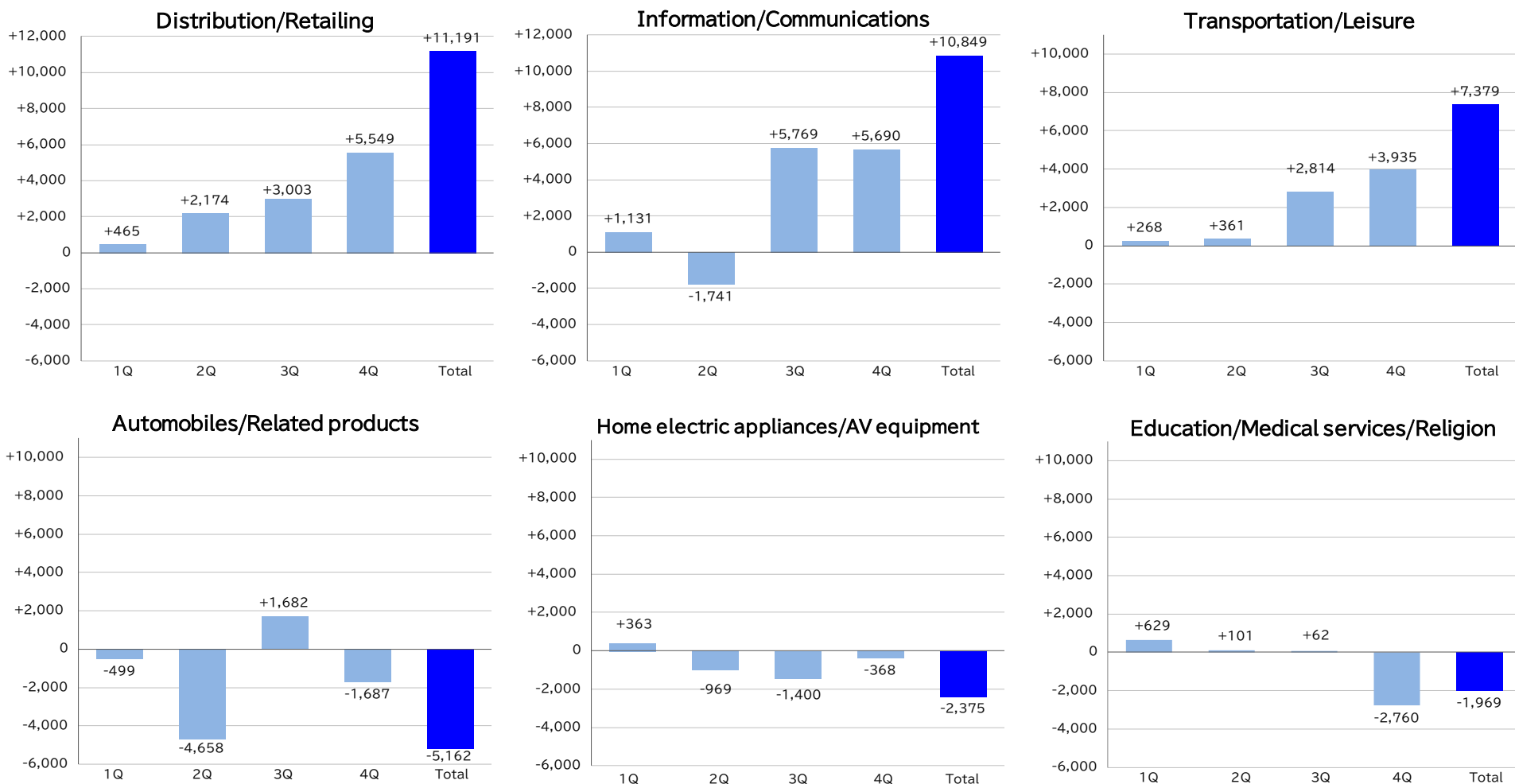
## Year-on-year changes for the period ended March 2016

(Millions of yen)



# Billings by Industry (3)

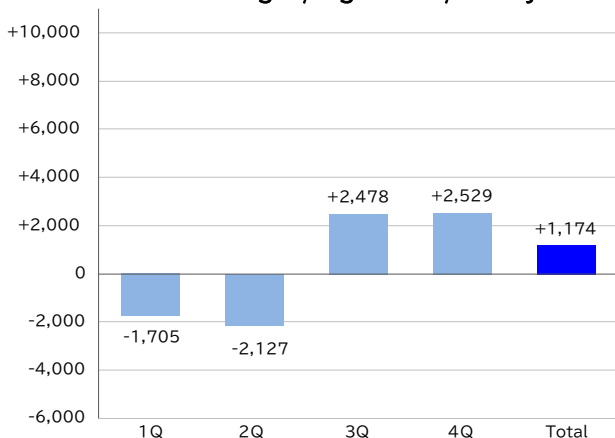
Quarterly YoY Changes(1) Top 3 Largest Changes of Total ( $\pm$ ) by Industry (Millions of yen)



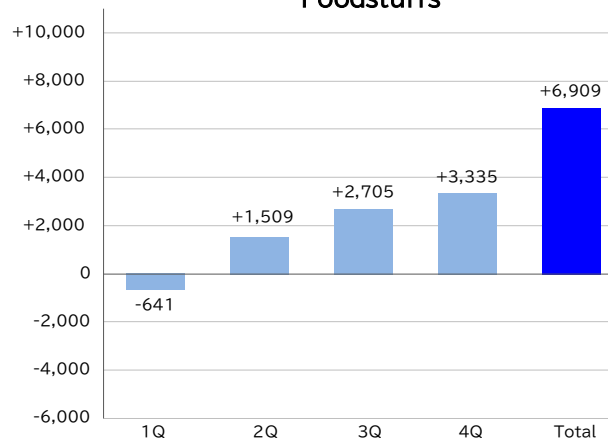
# Billings by Industry (4)

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

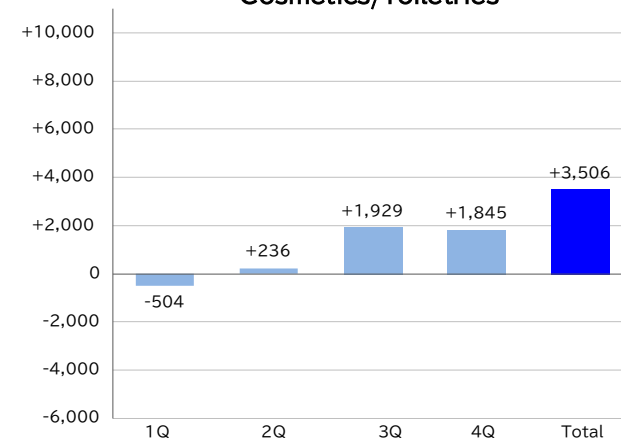
### Beverages/Cigarettes/Luxury foods



### Foodstuffs



### Cosmetics/Toiletries



# Billings by Industry (5)

(Millions of yen)

	1Q of FY2015	YoY comparisons		2Q of FY2015	YoY comparisons		3Q of FY2015	YoY comparisons		4Q of FY2015	YoY comparisons		Total of FY2015		YoY comparisons	
		Change	(%)		Change	(%)		Change	(%)		Change	(%)	Amount	Share	Change	(%)
Automobiles/Related products	26,854	(499)	-1.8%	32,715	(4,658)	-12.5%	36,972	1,682	4.8%	37,018	(1,687)	-4.4%	133,559	13.1%	(5,162)	-3.7%
Beverages/Cigarettes/Luxury foods	30,766	(1,705)	-5.3%	27,365	(2,127)	-7.2%	27,935	2,478	9.7%	32,496	2,529	8.4%	118,562	11.6%	1,174	1.0%
Information/Communications	23,100	1,131	5.2%	25,781	(1,741)	-6.3%	32,872	5,769	21.3%	32,690	5,690	21.1%	114,444	11.2%	10,849	10.5%
Foodstuffs	18,726	(641)	-3.3%	18,848	1,509	8.7%	18,089	2,705	17.6%	20,741	3,335	19.2%	76,404	7.5%	6,909	9.9%
Cosmetics/Toiletries	17,775	(504)	-2.8%	15,930	236	1.5%	19,949	1,929	10.7%	18,266	1,845	11.2%	71,920	7.0%	3,506	5.1%
Finance/Insurance	14,993	1,016	7.3%	13,405	335	2.6%	14,562	(165)	-1.1%	17,187	(33)	-0.2%	60,148	5.9%	1,153	2.0%
Pharmaceuticals/Medical supplies	12,543	1,098	9.6%	12,291	(817)	-6.2%	15,732	(797)	-4.8%	12,557	(35)	-0.3%	53,123	5.2%	(550)	-1.0%
Distribution/Retailing	11,906	465	4.1%	12,394	2,174	21.3%	16,414	3,003	22.4%	18,713	5,549	42.2%	59,427	5.8%	11,191	23.2%
Transportation/Leisure	11,593	268	2.4%	10,392	361	3.6%	14,846	2,814	23.4%	16,327	3,935	31.8%	53,159	5.2%	7,379	16.1%
Real estate/Housing facilities	8,824	(1,161)	-11.6%	11,185	1,970	21.4%	9,428	374	4.1%	13,249	677	5.4%	42,686	4.2%	1,859	4.6%
Home electric appliances/AV equipment	6,118	363	6.3%	5,596	(969)	-14.8%	7,549	(1,400)	-15.6%	7,434	(368)	-4.7%	26,696	2.6%	(2,375)	-8.2%
Restaurant/Services	7,581	1,648	27.8%	8,559	1,729	25.3%	8,881	1,217	15.9%	7,443	193	2.7%	32,463	3.2%	4,788	17.3%
Publications	4,454	477	12.0%	6,327	436	7.4%	4,871	(433)	-8.2%	8,035	96	1.2%	23,688	2.3%	576	2.5%
Household products	4,354	301	7.4%	5,180	893	20.8%	5,241	199	3.9%	4,365	338	8.4%	19,140	1.9%	1,731	9.9%
Government/Organizations	2,191	505	30.0%	3,069	1,052	52.2%	3,525	(2,248)	-38.9%	7,004	(207)	-2.9%	15,790	1.5%	(897)	-5.4%
Education/Medical services/Religion	3,120	629	25.2%	2,691	101	3.9%	3,263	62	1.9%	5,469	(2,760)	-33.5%	14,543	1.4%	(1,969)	-11.9%
Hobby supplies/Sporting goods	2,858	346	13.8%	3,499	517	17.3%	4,996	1,427	40.0%	4,577	902	24.6%	15,930	1.6%	3,192	25.1%
Apparel/Accessories	2,665	(631)	-19.1%	3,068	83	2.8%	4,570	557	13.9%	3,181	827	35.1%	13,485	1.3%	837	6.6%
Energy/Material/Machinery	2,387	215	9.9%	2,732	(736)	-21.2%	3,412	363	11.9%	5,415	1,645	43.6%	13,945	1.4%	1,487	11.9%
Precision machinery/Office supplies	1,572	22	1.4%	1,565	347	28.5%	2,269	219	10.7%	2,211	387	21.2%	7,616	0.7%	975	14.7%
Classified advertising/Other	11,645	(184)	-1.6%	12,985	1,444	12.5%	14,728	2,470	20.2%	14,084	1,344	10.5%	53,442	5.2%	5,074	10.5%
Sub total	226,024	3,159	1.4%	235,576	2,139	0.9%	270,103	22,227	9.0%	288,464	24,200	9.2%	1,020,167	100.0%	51,725	5.3%
Sub total for other than the above	40,306	3,465	9.4%	45,284	3,909	9.4%	54,255	13,514	33.2%	55,238	11,572	26.5%	195,083		32,460	20.0%
Total for group	266,329	6,624	2.6%	280,859	6,048	2.2%	324,358	35,740	12.4%	343,702	35,771	11.6%	1,215,250		84,185	7.4%

# Billings by Service Area (1)

(Millions of yen)

	1 H of FY2015	YoY comparisons		2 H of FY2015	YoY comparisons		Total of FY2014		Total of FY2015		YoY comparisons	
	Amount	Change	(%)	Amount	Change	(%)	Amount	Share	Amount	Share	Change	(%)
Newspapers	28,314	186	0.7%	35,710	(921)	-2.5%	64,759	6.3%	64,024	5.9%	(735)	-1.1%
Magazines	10,093	(856)	-7.8%	12,340	(360)	-2.8%	23,649	2.3%	22,433	2.1%	(1,216)	-5.1%
Radio	6,878	(254)	-3.6%	7,134	(168)	-2.3%	14,433	1.4%	14,012	1.3%	(421)	-2.9%
Television	207,145	(3,553)	-1.7%	230,044	9,694	4.4%	431,048	42.0%	437,188	40.5%	6,141	1.4%
Mass media services sub total	252,429	(4,476)	-1.7%	285,228	8,245	3.0%	533,889	52.1%	537,658	49.8%	3,769	0.7%
Internet media	60,811	6,934	12.9%	74,678	18,893	33.9%	109,662	10.7%	135,489	12.5%	25,827	23.6%
Outdoor media	19,192	(48)	-0.2%	21,681	876	4.2%	40,044	3.9%	40,873	3.8%	829	2.1%
Creative	53,362	1,597	3.1%	66,497	3,289	5.2%	114,972	11.2%	119,858	11.1%	4,886	4.2%
Marketing/Promotion	96,436	(730)	-0.8%	124,642	15,673	14.4%	206,135	20.1%	221,078	20.5%	14,942	7.2%
Others(contents, etc.)	8,205	925	12.7%	17,112	3,862	29.1%	20,530	2.0%	25,317	2.3%	4,787	23.3%
Other than mass media services subtotal	238,005	8,679	3.8%	304,610	42,593	16.3%	491,344	47.9%	542,615	50.2%	51,271	10.4%
Sub total	490,434	4,202	0.9%	589,838	50,838	9.4%	1,025,233	100.0%	1,080,272	100.0%	55,040	5.4%
Sub total for other than the above	56,756	8,471	17.5%	78,222	20,675	35.9%	105,832		134,978		29,146	27.5%
Total for group	547,190	12,673	2.4%	668,060	71,512	12.0%	1,131,064		1,215,250		84,185	7.4%

◎ “Mass media services subtotal” rose from previous year on 2H recovery in television.

◎ All segments of “Other than mass media services subtotal” rose from previous year, led by Internet media.

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.

# Billings by Service Area (2)

(Millions of yen)

	1 Q of FY2015	YoY comparisons		2 Q of FY2015	YoY comparisons		3 Q of FY2015	YoY comparisons		4 Q of FY2015	YoY comparisons		Total of FY2015	YoY comparisons	
	Amount	Change	(%)	Amount	Change	(%)	Amount	Change	(%)	Amount	Change	(%)	Amount	Change	(%)
Newspapers	13,827	(485)	-3.4%	14,487	671	4.9%	16,766	1,026	6.5%	18,945	(1,947)	-9.3%	64,024	(735)	-1.1%
Magazines	4,821	(450)	-8.5%	5,272	(406)	-7.2%	6,559	(313)	-4.6%	5,782	(47)	-0.8%	22,433	(1,216)	-5.1%
Radio	3,344	(115)	-3.3%	3,534	(139)	-3.8%	3,644	(81)	-2.2%	3,490	(86)	-2.4%	14,012	(421)	-2.9%
Television	102,914	(3,153)	-3.0%	104,230	(400)	-0.4%	114,088	2,489	2.2%	115,956	7,205	6.6%	437,188	6,141	1.4%
Mass media services sub total	124,906	(4,202)	-3.3%	127,523	(274)	-0.2%	141,057	3,121	2.3%	144,172	5,124	3.7%	537,658	3,769	0.7%
Internet media	30,195	2,042	7.3%	30,616	4,892	19.0%	35,987	9,011	33.4%	38,691	9,882	34.3%	135,489	25,827	23.6%
Outdoor media	9,382	21	0.2%	9,809	(68)	-0.7%	10,609	15	0.1%	11,073	862	8.4%	40,873	829	2.1%
Creative	25,639	1,024	4.2%	27,723	574	2.1%	30,666	1,819	6.3%	35,831	1,469	4.3%	119,858	4,886	4.2%
Marketing/Promotion	46,271	1,572	3.5%	50,165	(2,302)	-4.4%	59,415	7,970	15.5%	65,227	7,702	13.4%	221,078	14,942	7.2%
Others(contents, etc.)	4,325	1,155	36.4%	3,880	(229)	-5.6%	8,155	2,571	46.0%	8,958	1,291	16.8%	25,317	4,787	23.3%
Other than mass media services subtotal	115,812	5,813	5.3%	122,192	2,866	2.4%	144,830	21,386	17.3%	159,779	21,206	15.3%	542,615	51,271	10.4%
Sub total	240,719	1,610	0.7%	249,715	2,592	1.0%	285,887	24,507	9.4%	303,951	26,330	9.5%	1,080,272	55,040	5.4%
Sub total for other than the above	25,611	5,014	24.3%	31,145	3,456	12.5%	38,471	11,234	41.2%	39,751	9,441	31.1%	134,978	29,146	27.5%
Total for group	266,329	6,624	2.6%	280,859	6,048	2.2%	324,358	35,740	12.4%	343,702	35,771	11.6%	1,215,250	84,185	7.4%

# Changes in SG&A Expenses (1)

(Millions of yen)

	1 H of		YoY comparisons		2 H of		YoY comparisons		Total of		YoY comparisons	
	FY2014	FY2015	Change	(%)	FY2014	FY2015	Change	(%)	FY2014	FY2015	Change	(%)
Personnel costs	54,517	59,440	4,922	9.0%	59,815	66,633	6,817	11.4%	114,333	126,073	11,740	10.3%
Other Expenses (total)	25,290	28,181	2,891	11.4%	29,421	33,248	3,827	13.0%	54,712	61,430	6,718	12.3%
Rent	5,702	6,316	613	10.8%	6,061	6,569	507	8.4%	11,764	12,885	1,121	9.5%
Depreciation and Amortization	1,135	1,339	203	18.0%	1,276	1,585	309	24.2%	2,411	2,925	513	21.3%
Amortization of goodwill	688	803	115	16.8%	984	1,486	502	51.0%	1,672	2,290	617	36.9%
Others	17,764	19,722	1,957	11.0%	21,099	23,607	2,507	11.9%	38,863	43,329	4,465	11.5%
Total SG&A expenses	79,807	87,621	7,813	9.8%	89,237	99,882	10,644	11.9%	169,045	187,503	18,458	10.9%
Ratio of personnel costs to revenue									55.5%	54.2%		

Note: Amortization of goodwill refers to the amortization of goodwill and other intangible assets arising from corporate acquisitions.

## 【Strengthening the organization, including through mergers and acquisitions, and proceeding with strategic investments as per the Medium-Term Business Plan】

◎ Approximately ¥8.1 billion increase in expenditures from changes in scope of consolidation (from newly acquired and newly established companies, etc.).

◎ Excluding effect of changes in scope of consolidation, SG&A expenses rose 6.1% year on year.

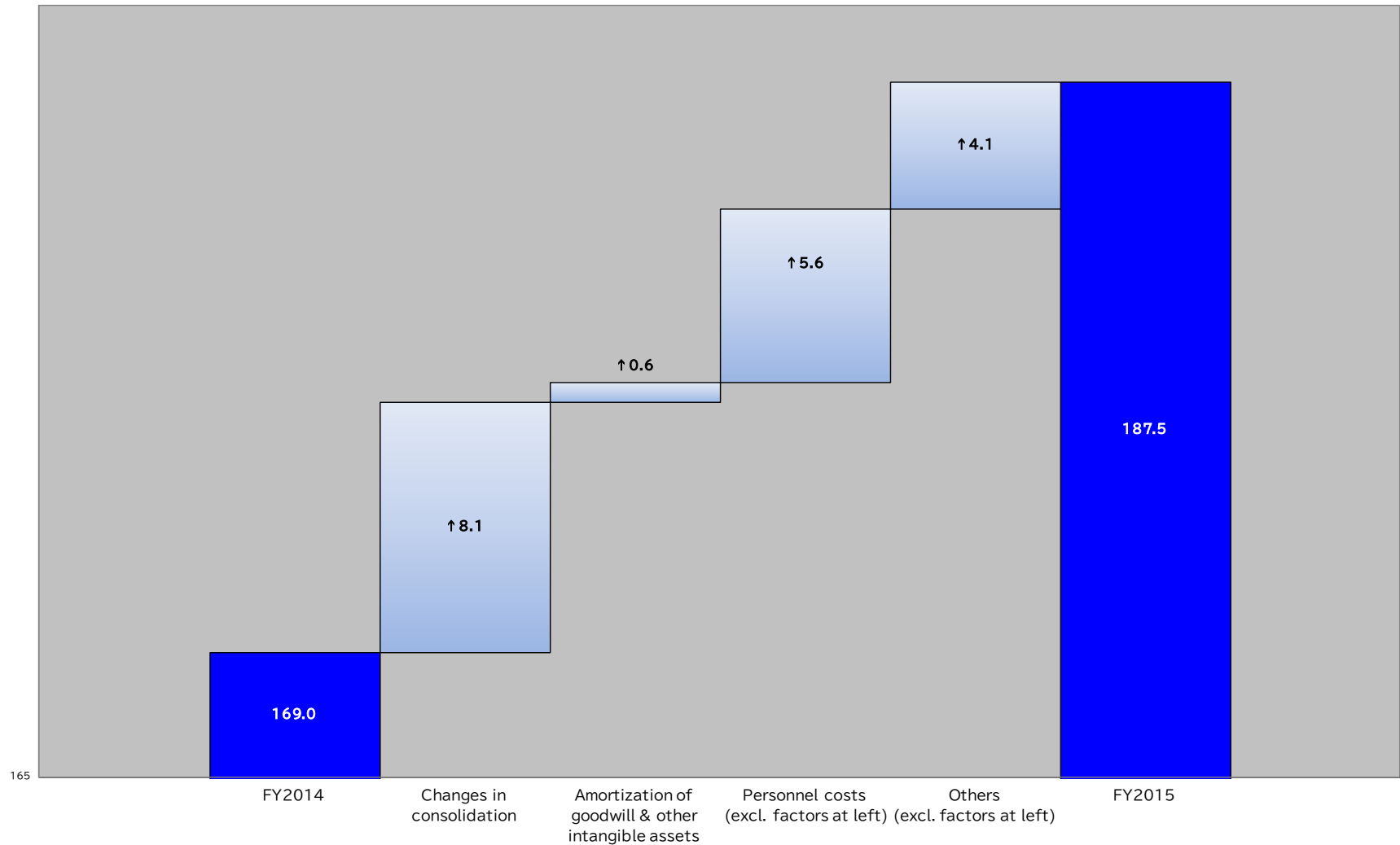
◎ Approximately ¥11.3 billion incremental effect from mergers and acquisitions.



# Changes in SG&A Expenses (2)

## Change Factors in SG&A Expenses

(billions of yen)



# Non-Operating Items and Extraordinary Gains and Losses

(Millions of yen)

	1 H of		YoY comparisons		2 H of		YoY comparisons		Total of		YoY comparisons	
	FY2014	FY2015	Change	(%)	FY2014	FY2015	Change	(%)	FY2014	FY2015	Change	(%)
Non-operating income	1,061	1,550	488	46.0%	1,312	1,238	(73)	-5.6%	2,373	2,789	415	17.5%
Non-operating expenses	129	110	(19)	-14.8%	160	177	16	10.4%	290	288	(2)	-0.8%
Total	931	1,439	507	54.5%	1,151	1,061	(90)	-7.8%	2,083	2,500	417	20.0%

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

FY'14 +146 million FY'15 +76 million YoY change 69 million decreased

\*Dividend income :

FY'14 744 million FY'15 866 million YoY change 121 million increased

\*Equity in investment income(loss) from affiliates :

FY'14 829 million FY'15 727 million YoY change 101 million decreased

(Millions of yen)

	1 H of		YoY comparisons		2 H of		YoY comparisons		Total of		YoY comparisons	
	FY2014	FY2015	Change	(%)	FY2014	FY2015	Change	(%)	FY2014	FY2015	Change	(%)
Extraordinary gains	1,291	347	(943)		667	794	126		1,959	1,142	(816)	
Extraordinary losses	297	511	214		1,642	1,874	232		1,939	2,386	446	
Total	994	(163)	(1,158)		(974)	(1,080)	(105)		19	(1,243)	(1,263)	

\*Gain on sales of investment securities :

FY'14 1,361 million FY'15 300 million YoY change 1,061 million decreased

\*Gain on sales of affiliates' stock :

FY'14 142 million FY'15 531 million YoY change 388 million increased

\*Investment securities valuation loss :

FY'14 65 million FY'15 655 million YoY change 589 million increased

# Consolidated Balance Sheets

(Millions of yen)

	Mar. 31, 2015		Mar. 31, 2016		Comparisons	
	Amount	Share	Amount	Share	Change	(%)
Current assets	473,844	74.8%	498,308	73.4%	24,463	5.2%
Fixed assets	160,059	25.2%	180,224	26.6%	20,164	12.6%
Total assets	633,904	100.0%	678,532	100.0%	44,628	7.0%
Current liabilities	321,299	50.7%	352,961	52.0%	31,662	9.9%
Non-current liabilities	29,875	4.7%	31,539	4.7%	1,664	5.6%
Total liabilities	351,175	55.4%	384,501	56.7%	33,326	9.5%
Total shareholders' equity	224,550	35.5%	245,637	36.2%	21,086	9.4%
Accumulated other comprehensive income	39,026	6.1%	27,520	4.0%	(11,505)	-29.5%
Subscription rights to shares	197	0.0%	223	0.0%	25	13.0%
Noncontrolling Interest	18,954	3.0%	20,648	3.1%	1,694	8.9%
Total net assets	282,729	44.6%	294,031	43.3%	11,301	4.0%
Total liabilities and net assets	633,904	100.0%	678,532	100.0%	44,628	7.0%

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

Mar.31,'15 163.0 billion Mar.31,'16 157.9 billion 5.0 billion down

\*Notes and accounts receivable:

Mar.31,'15 269.8 billion Mar.31,'16 294.0 billion 24.2 billion up

\*Investment securities:

Mar.31,'15 81.9 billion Mar.31,'16 76.8 billion 5.0 billion down

\*Goodwill and other intangible assets arising from M&A:

Mar.31,'15 8.9 billion Mar.31,'16 20.9 billion 11.9 billion up

\*Notes and accounts payable:

Mar.31,'15 260.4 billion Mar.31,'16 283.5 billion 23.1 billion up

\*Short- and long-term debt:

Mar.31,'15 4.5 billion Mar.31,'16 8.0 billion 3.4 billion up

# Consolidated Statements of Cash Flow

	Total of		(Millions of yen) Y o Y comparisons
	FY2014	FY2015	Change
Cash flow from operating activities	33,314	29,698	(3,615)
Cash flow from investing activities	(7,563)	(20,686)	(13,123)
Cash flow from financing activities	(12,484)	(5,290)	7,194
Effect of exchange rate changes on cash and cash equivalents	991	(533)	(1,525)
Net increase (decrease) in cash and cash equivalents	14,257	3,188	(11,069)
Cash and cash equivalents, beginning of period	125,875	140,133	14,257
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	0	(23)	(23)
Cash and cash equivalents, end of period	140,133	143,298	3,165

[Reference 1: Depreciation and amortization, and/or purchase of noncurrent assets]

Depreciation and amortization	3,340	4,359	1,018
Payments for purchase of property and equipment	(1,849)	(5,390)	(3,541)
Payments for purchase of intangible fixed assets	(2,819)	(2,760)	58
Total purchase of noncurrent assets	(4,668)	(8,151)	(3,483)

[Reference 2: Major items of Total of FY2015 other than the above ]

## <Cash Flows From Operating Activities>

Income before income taxes and minority interests +¥46.2 billion, Amortization of goodwill and other intangible assets +¥2.2 billion, increase in notes and accounts receivable-trade -¥22.6 billion, increase in notes and accounts payable-trade +¥22.3 billion, increase in inventories - ¥2.4 billion, income taxes paid -¥13.8 billion, increase in allowance for bonuses +¥6.3 billion.

## <Cash Flows From Investing Activities >

Purchase of investments in subsidiaries resulting in change in scope of consolidation -¥14.2 billion.

## <Cash Flows From Financing Activities>

Cash dividends paid -¥6.1 billion, cash dividends paid to minority shareholders -¥0.7billion.

# Highlights of Operating Results at Major Subsidiaries

(Millions of yen)

	Total of		YoY comparisons	
	FY2014	FY2015	Change	(%)
<b>Hakuhodo (*)</b>				
Billings	832,528	875,294	42,765	5.1%
Ordinary income	27,083	30,429	3,346	12.4%
Net income	14,281	18,017	3,736	26.2%
<b>Daiko Advertising (*)</b>				
Billings	147,736	155,237	7,500	5.1%
Ordinary income	1,873	2,817	944	50.4%
Net income	1,119	3,370	2,250	201.0%
<b>Yomiko Advertising (*)</b>				
Billings	73,041	74,744	1,702	2.3%
Ordinary income	668	1,324	655	98.1%
Net income	42	1,529	1,486	-

◎ Billings were up ¥42.7 billion, or 5.1%, year on year.

By client industry

Increases: Distribution/Retailing and Information/Communications  
Decreases: Automobiles/Related products and Education/Medical services/Religion

◎ Billings rose on strong results at parent plus contributions from subsidiaries and mergers and acquisitions, and with rise in gross margin, double-digit growth for both ordinary income and net income.

◎ Billings were up ¥7.5 billion, or 5.1%, year on year.

By client industry

Increase: Foodstuffs and Beverages/Cigarettes/Luxury foods  
Decreases: Distribution/Retailing and Restaurant/Services

◎ Increased billings and rise in gross margin resulted in large increases in both ordinary income and net income.

◎ Billings were up ¥1.7 billion, or 2.3%, year on year.

By client industry

Increases: Hobby supplies/Sporting goods and Information/Communications  
Decreases: Cosmetics/Toiletries and Transportation/Leisure

◎ Increased billings and rise in gross margin resulted in large increases in both ordinary income and net income.

\* 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.

\* Net income refers to profit attributable to owners of parent.

# Consolidated Business Outlook for Fiscal 2016

# Consolidated Business Outlook for Fiscal 2016 (1)

## Aiming for increase in operating income while strengthening the organization for further growth

### ◎Macro environment: Domestic advertising market to grow approximately 2%

Despite an uncertain outlook for the domestic economy, there are a variety of items that will lead to stepped-up corporate marketing activities.

In overseas advertising markets, although growth in greater China is slowing, the overall market is still seen outpacing Japan's growth.

### ◎ Billings: ¥1,271.0 billion, up 4.6% year on year

The Group aims for growth above the market average by steadily implementing strategic initiatives outlined in its Medium-Term Business Plan. The Group also aims to expand its market share.

### ◎ Revenue: ¥247.5 billion, up 6.5% year on year

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

### ◎ SG&A Expenses: ¥201.0 billion, up 7.2% year on year

Although striving to make expenditures more efficient, in addition to strategic investments and growth in amortization of goodwill, pension-related expenses are set to grow, and therefore the growth rate for SG&A expenses is expected to be higher than for revenue growth.

### ◎ Operating Income: ¥46.5 billion, up 3.3% year on year

### ◎ Operating Margin: 18.8%, down 0.6 percentage point year on year

### ◎ Operating Income and Operating Margin before Amortization of Goodwill: ¥49.8 billion, 20.1%

Forecasting ¥3.3 billion in amortization of goodwill. Maintaining previous year's high profitability.

### ◎ Net Income: ¥26.4 billion, down 7.5% year on year

Net income seen declining in absence of previous year's factors to reduce corporate income taxes.

### ◎ Dividend per Share:

The Group maintains a fundamental stance of providing a stable dividend. However, after a comprehensive evaluation of trends in business results, we plan to pay an ordinary dividend per share of ¥24 in the year ending March 31, 2017, up ¥6 from ¥18 paid in the previous year ended March 31, 2016.

## Consolidated Business Outlook for Fiscal 2016 (2)

As of May 12, 2016

(Millions of yen)

	1H				2H				Full Year			
	FY2015 (Result)	FY2016 (Forecasts)	YoY		FY2015 (Result)	FY2016 (Forecasts)	YoY		FY2015 (Result)	FY2016 (Forecasts)	YoY	
			change	(%)			change	(%)			change	(%)
Billings	547,189	584,900	37,710	6.9%	668,060	686,100	18,039	2.7%	1,215,250	1,271,000	55,749	4.6%
Revenue	103,961	113,900	9,938	9.6%	128,536	133,600	5,063	3.9%	232,498	247,500	15,001	6.5%
(Gross margin)	(19.0%)	(19.5%)	(+0.5%)		(19.2%)	(19.5%)	(+0.2%)		(19.1%)	(19.5%)	(+0.3%)	
SG&A expenses	87,621	96,600	8,978	10.2%	99,882	104,400	4,517	4.5%	187,503	201,000	13,496	7.2%
Operating income	16,340	17,300	959	5.9%	28,654	29,200	545	1.9%	44,994	46,500	1,505	3.3%
(Operating margin)	(15.7%)	(15.2%)	(-0.5%)		(22.3%)	(21.9%)	(-0.4%)		(19.4%)	(18.8%)	(-0.6%)	
Non-operating items	1,439	650	(789)		1,061	550	(511)		2,500	1,200	(1,300)	
Ordinary income	17,779	17,950	170	1.0%	29,715	29,750	34	0.1%	47,495	47,700	204	0.4%
Extraordinary items	(163)	(100)	63		(1,080)	(550)	530		(1,243)	(650)	593	
Income before income Taxes and minority interests	17,616	17,850	233	1.3%	28,635	29,200	564	2.0%	46,251	47,050	798	1.7%
Net income	10,264	9,850	(414)	-4.0%	18,267	16,550	(1,717)	-9.4%	28,531	26,400	(2,131)	-7.5%
Dividend per share	9.0	12.0		(yen)	9.0	12.0		(yen)	18.0	24.0		(yen)

(Operating margin = Operating income / Revenue)

Amortization of goodwill	803	1,650	846	105.3%	1,486	1,650	163	11.0%	2,290	3,300	1,009	44.1%
Operating Income before Amortization of goodwill	17,144	18,950	1,805	10.5%	30,140	30,850	709	2.4%	47,285	49,800	2,514	5.3%
Operating margin before Amortization of goodwill	16.5%	16.6%	0.1%		23.4%	23.1%	-0.4%		20.3%	20.1%	-0.2%	

Note: (1) Amortization of goodwill refers to the amortization of goodwill and other intangible assets arising from corporate acquisitions.

(2) Operating income before amortization of goodwill refers to operating income that has been calculated excluding the amortization of goodwill and other intangible assets arising from corporate acquisitions.



HakuhodoDY holdings

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