November 8, 2017
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Consolidated Financial Highlights for 1H of FY2017

Hakuhodo DY Holdings Inc. has summarized key data from its first-half earnings report for fiscal 2017, the year ending March 31, 2018, released today, in the following reference materials.

1. Summary of Consolidated Income Statements (April 1 to September 30, 2017)

(Millions of yen)

	1H of FY2016 (Result)	1H of FY2017 (Result)	YoY Comparison Change	(%)
Billings	573,548	610,945	37,396	6.5%
Revenue	112,730	122,877	10,147	9.0%
(Gross margin)	(19.7%)	(20.1%)	(+0.5%)	
SG&A expenses	94,891	103,089	8,197	8.6%
Operating income	17,838	19,788	1,949	10.9%
(Operating margin)*	(15.8%)	(16.1%)	(+0.3%)	
Non-operating items	1,747	1,239	(507)	
Ordinary income	19,586	21,028	1,442	7.4%
Extraordinary items	(510)	58	568	
Income before income taxes and minority interests	19,075	21,086	2,010	10.5%
Profit attributable to owners of parent	10,744	11,948	1,203	11.2%

* Operating margin = Operating income / Revenue

Dividend per share	¥12.0	¥13.0	¥1.0

During the first half (April 1 to September 30, 2017) of the fiscal year ending March 31, 2018, the Japanese economy has shown a clear trend toward recovery, with growing corporate activity, such as increased exports, in response to improved economic conditions overseas. In addition, not only has business confidence been trending upward, there has been support for expanding investment in various economic policies as well as in the upcoming Tokyo Olympics. Meanwhile, on a cumulative basis for April through August, the domestic advertising market[*1] remains at a somewhat higher level than it was during the same period of the previous fiscal year, though lower than that of the Japanese economy as a whole.

Amid this environment, the Hakuhodo DY Group has continued to pursue proactive business development in accordance with its Medium-Term Business Plan, which runs through the fiscal year ending March 2019. As a result, first-half billings increased 6.5% year on year, to ¥610,945 million.

By service area for the first half, billings were down year on year for Newspapers and Radio.

However, strong billings for Television resulted in an overall increase in the four mass media services. Performance was solid in all areas of other than mass media services, centered on Internet Media, resulting in a year-on-year increase in billings.

By client industry, billings rose in 15 out of the 21 client industries we are involved in. The main industries where billings increased were Automobiles / Related products, Information / Communications, and Transportation / Leisure. On the other hand, the main industries where billings decreased were Distribution / Retailing, Government / Organizations, and Pharmaceuticals / Medical supplies.*2

Revenue increased ¥10,147 million, or 9.0%, to ¥122,877 million, due to the steady expansion of existing businesses and the positive effects of incorporating profits from newly consolidated subsidiaries. Selling, general, and administrative (SG&A) expenses were up 8.6% due to measures to strengthen the organization through M&A and other strategic investments. As a result, operating income increased 10.9%, to ¥19,788 million, and ordinary income rose 7.4%, to ¥21,028 million, representing large increases for both.

With the additional recording of ¥483 million in extraordinary gains and ¥425 million in extraordinary losses, income before income taxes and minority interests grew 10.5%, to ¥21,086 million, and profit attributable to owners of parent rose 11.2%, to ¥11,948 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 September 30, 2017

(Millions of yen)

	31-Mar-17		30-Sep-17		Comparison with March 31, 2017	
	Amount	Share	Amount	Share	Change	(%)
Current assets	516,183	71.5%	462,569	67.8%	(53,613)	-10.4%
Fixed assets	205,868	28.5%	219,919	32.2%	14,050	6.8%
Total assets	722,051	100.0%	682,488	100.0%	(39,563)	-5.5%
Current liabilities	359,503	49.8%	301,017	44.1%	(58,485)	-16.3%
Non-current liabilities	36,729	5.1%	39,569	5.8%	2,839	7.7%
Total liabilities	396,233	54.9%	340,587	49.9%	(55,645)	-14.0%
Total shareholders' equity	262,922	36.4%	269,565	39.5%	6,643	2.5%
Accumulated other comprehensive income	41,784	5.8%	50,414	7.4%	8,629	20.7%
Subscription rights to shares	283	0.0%	390	0.1%	106	37.7%
Noncontrolling interest	20,828	2.9%	21,530	3.1%	702	3.4%
Total net assets	325,818	45.1%	341,901	50.1%	16,082	4.9%
Total liabilities and net assets	722,051	100.0%	682,488	100.0%	(39,563)	-5.5%

3. Consolidated Forecasts for Fiscal 2017 (April 1, 2017, to March 31, 2018)

In light of the financial results from the first half, we have reviewed the consolidated financial forecast for the full year. As performance in the first half largely conformed to expectations, we have not revised the consolidated financial forecast for the full year at this time.

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.