

FY2018 Annual Results

February 14, 2019

* Please be reminded that the figures shown in this presentation may be different from those shown in the financial statements as this presentation has been prepared for investors to understand our businesses. Please refer to the annotations in the Appendices for each definition of the indicators.

Highlight: 12 month figures

- Revenue less cost of sales increased by 6.8% (YoY, constant currency basis)
- Organic growth: +3.4%
(Japan +2.1% / International +4.3%)
- Underlying operating profit decreased by 6.0% (constant currency basis)
- Underlying operating margin: 16.4%, -220 bps (constant currency basis)
- 2019 dividend expected to increase by 5 yen (YoY) from 2018, to 95 yen per share

The name of “Gross profit” is changed to “Revenue less cost of sales” from FY2018 First Quarter.

IFRS15 “Revenue from Contracts with Customers” is applied from January 1st, 2018.

To enable year-on-year performance comparison, in this file, IFRS15 is applied to the past years, and presented as pro forma information. Please see Appendices “Detail of Pro Forma information by IFRS 15”.

Summary

Revenue less cost of sales increase driven by organic growth and international M&A

Underlying operating profit decrease due to investment in the Group's improvement of corporate infrastructure and working environment reforms in Japan to support future growth (JPY mn)

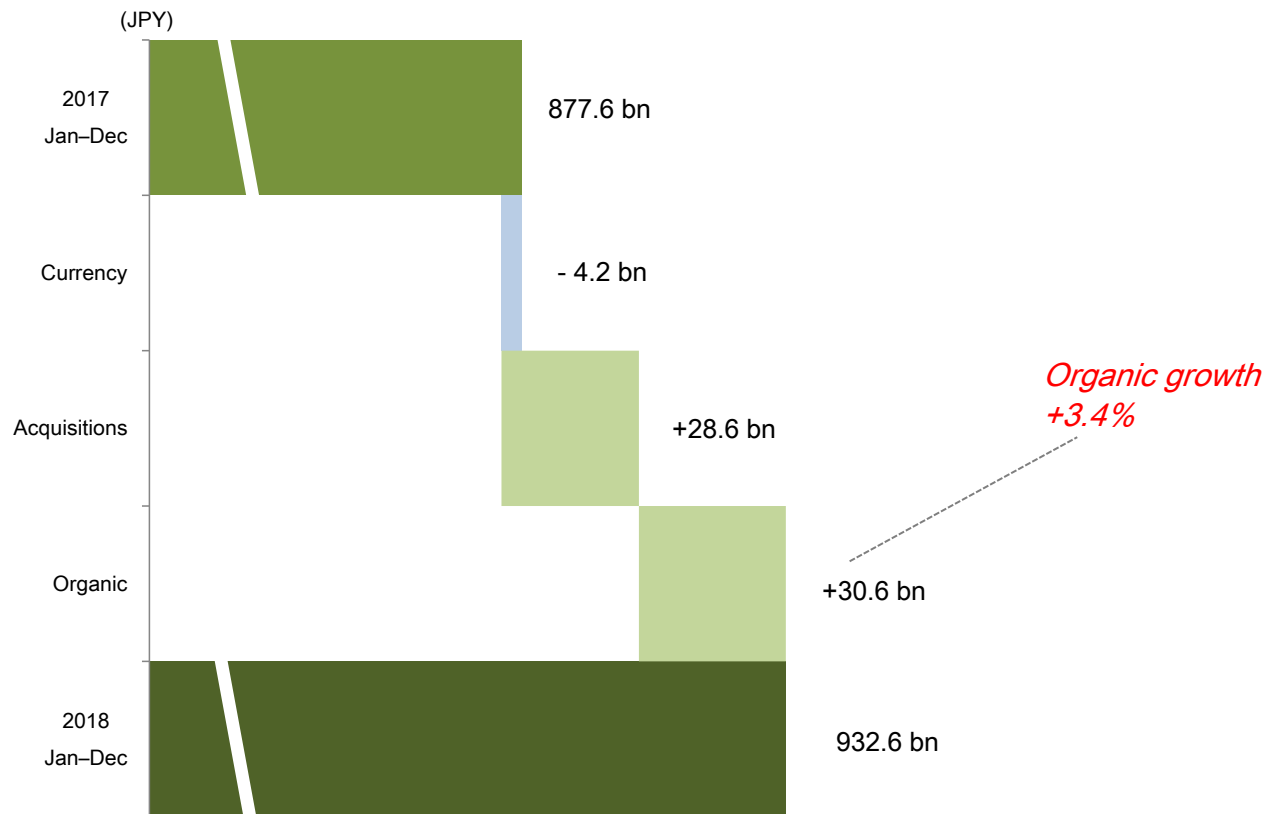
	2018 Jan-Dec	2017 Jan-Dec	YoY %	Constant currency basis %	Forecast (announced in Aug 2018)	Forecast variance %
Turnover	5,357,278	5,187,300	+3.3	-	-	-
Revenue	1,018,512	949,837	+7.2	-	1,006,900	+1.2
Revenue less cost of sales	932,680	877,622	+6.3	+6.8	954,700	(2.3)
Digital domain ratio	46.1%	43.2%	+2.9	+3.0	-	-
International business ratio	60.4%	58.8%	+1.6	+1.8	61.6%	(1.2)
Underlying operating profit	153,229	163,946	(6.5)	(6.0)	150,000	+2.2
Operating margin	16.4%	18.7%	(2.3)	(2.2)	15.7%	+0.7
Underlying net profit	97,419	107,874	(9.7)	-	99,800	(2.4)
Underlying basic EPS	345.59 yen	381.58 yen	(9.4)	-	354.03 yen	(2.4)
Operating profit	111,638	137,392	(18.7)	-	112,900	(1.1)
Net profit	90,316	105,478	(14.4)	-	79,500	+13.6
EBITDA	171,406	194,073	(11.7)	-		
Underlying ROE	9.1%	10.6%	(1.5)	-		
Currency						
					Av. Jan in 2018	
JPY/USD	110.4 yen	112.2 yen	(1.6)	-	110.9 yen	(0.4)
JPY/GBP	147.5 yen	144.5 yen	+2.1	-	153.4 yen	(3.9)

Note: Net profit, underlying net profit and underlying basic EPS... Excluding attribution to non-controlling interests

The scope of digital domain ratio is changed from 2018. Please see Appendices "Japan Business Digital Domain" for details.

Growth of Revenue less cost of sales

Revenue less cost of sales increase driven by M&A and organic growth from both Japan and the International business, Dentsu Aegis Network



Regional Information – Japan

12 month organic growth is +2.1%

Cost increase due to investment in working environment reforms and the improvement of corporate infrastructure to support future growth

(JPY mn)

	2018 Jan–Dec	2017 Jan–Dec	YoY %	Constant currency basis %	Organic growth %
Revenue less cost of sales	369,258	361,902	+2.0	+2.0	+2.1
Digital domain ratio	23.9%	22.2%	+1.7	+1.7	
Underlying operating profit	80,268	88,801	(9.6)	(9.6)	
Operating margin	21.7%	24.5%	(2.8)	(2.8)	

Note: The scope of digital domain ratio is changed from 2018. Please see Appendices “Japan Business Digital Domain” for details.

Regional Information – International

12 month organic growth is +4.3%.

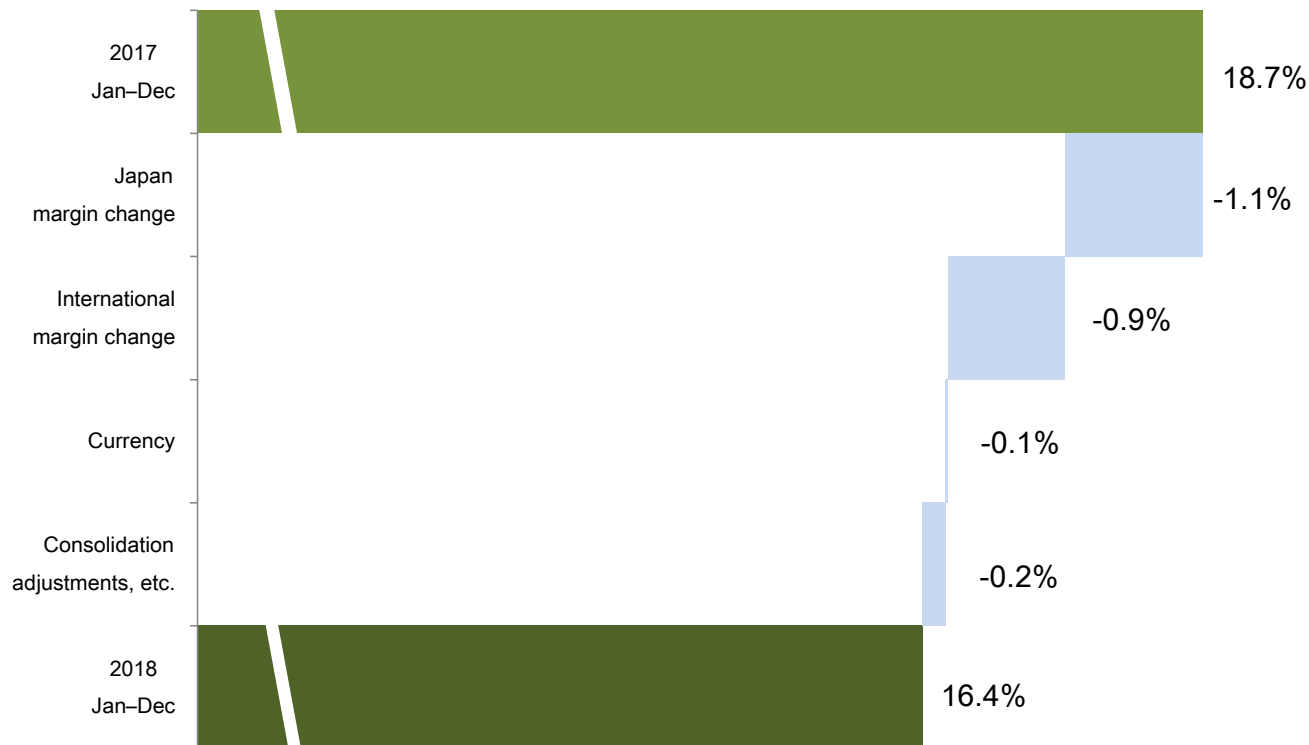
Underlying operating profit decrease due to planned investments in global platforms and systems

(JPY mn)

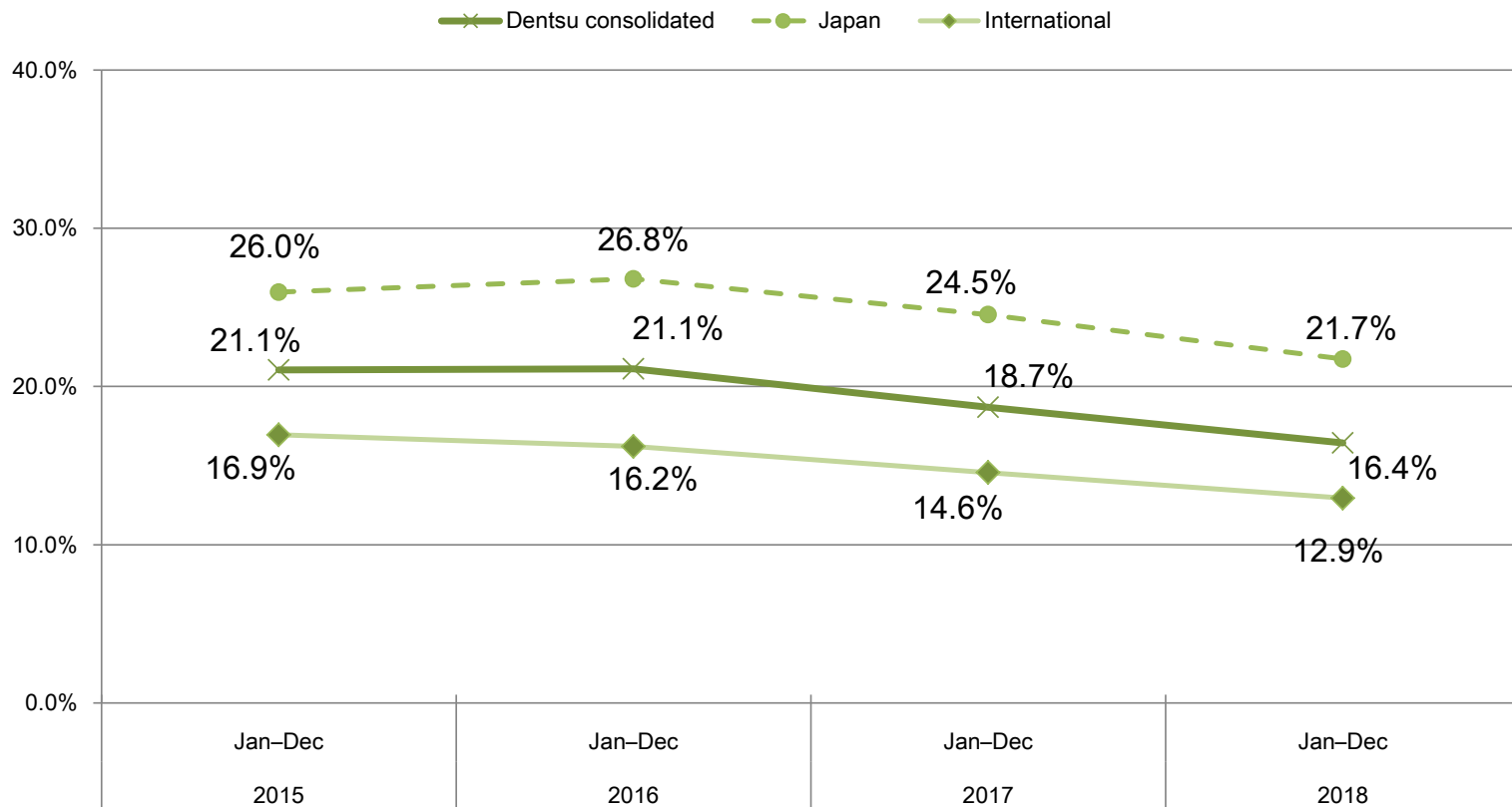
	2018 Jan–Dec	2017 Jan–Dec	YoY %	Constant currency basis %	Organic growth %
EMEA	213,029	184,946	+15.2	+13.9	+7.4
Americas	226,257	206,001	+9.8	+12.4	+4.9
APAC	124,573	125,089	(0.4)	+0.8	(1.7)
Revenue less cost of sales total	563,852	516,052	+9.3	+10.2	+4.3
Digital domain ratio	60.6%	57.9%	+2.7	+2.7	
Underlying operating profit	72,963	75,146	(2.9)	(1.6)	
Operating margin	12.9%	14.6%	(1.7)	(1.6)	

Change in Underlying Operating Margin

Underlying operating margin decrease due to investment in Group's improvement of corporate infrastructure and working environment reforms in Japan to support future growth



Operating Margin



Reconciliation from Underlying OP to Statutory OP

(JPY mn)

	2018 Jan-Dec	2017 Jan-Dec	YoY #	YoY %
Underlying operating profit	153,229	163,946	(10,717)	(6.5)
Adjustment items	(41,590)	(26,554)	(15,035)	
Amortization of M&A related intangible assets	(35,123)	(31,779)	(3,343)	
Acquisition costs	(1,554)	(1,795)	+ 241	
Share-based compensation expenses related to acquired companies	(4,314)	(2,046)	(2,268)	
One-off items	(599)	+ 9,066	(9,665)	
Payment related to working hours	-	(3,103)	+ 3,103	
Gain (loss) on sales and retirement of non-current assets	(252)	+ 13,168	(13,420)	
Impairment loss	(27)	(1,093)	+ 1,065	
Others	(320)	+ 94	(413)	
Operating profit	111,638	137,392	(25,753)	(18.7)

Statutory Operating Profit to Net Profit

(JPY mn)

	2018 Jan-Dec	2017 Jan-Dec	YoY #	YoY %
Operating profit	111,638	137,392	(25,753)	(18.7)
Share of results of associates	2,699	4,222	(1,523)	(36.1)
Gain on sales of shares of associates	52,127	-	+ 52,127	-
Profit before interest and tax	166,465	141,614	+ 24,850	+17.5
Net finance income (costs)	(17,713)	8,047	(25,760)	-
Finance income	6,839	20,302	(13,462)	(66.3)
Finance costs	24,553	12,254	+ 12,298	+100.4
Profit before tax	148,751	149,662	(910)	(0.6)
Income tax expense	51,250	36,520	+ 14,729	+40.3
Net profit	97,501	113,142	(15,640)	(13.8)
Attributable to owners of the parent	90,316	105,478	(15,161)	(14.4)
Attributable to non-controlling interests	7,185	7,663	(478)	(6.2)

FY2019 Forecast

(JPY mn)

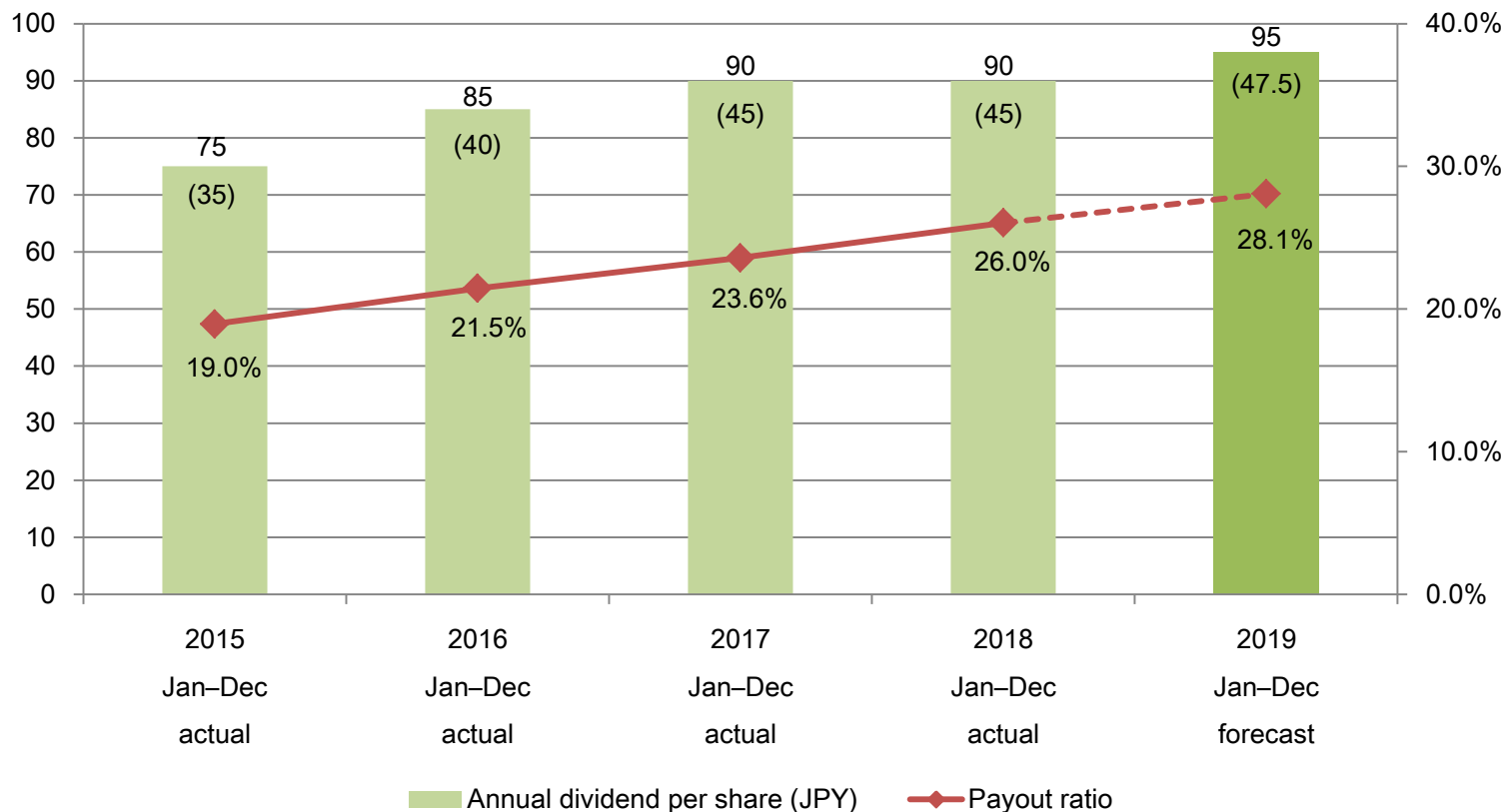
	2019 Jan-Dec	2018 Jan-Dec	YoY %	Constant currency basis %
Revenue	1,097,900	1,018,512	+7.8	-
Revenue less cost of sales	986,400	932,680	+5.8	+7.9
Underlying operating profit	157,400	153,229	+2.7	+4.3
Operating margin	16.0%	16.4%	(0.4)	(0.5)
Underlying net profit	95,400	97,419	(2.1)	-
Underlying basic EPS	338.42 yen	345.59 yen	(2.1)	-
Operating profit	122,500	111,638	+9.7	-
Net profit	61,400	90,316	(32.0)	-
Currency	Av. Jan 2019	Av. Jan-Dec in 2018		
JPY/USD	109.0 yen	110.4 yen	(1.3)	-
JPY/GBP	140.7 yen	147.5 yen	(4.6)	-

Notes: Net profit, underlying net profit and underlying basic EPS ... Excluding attribution to non-controlling interests

FY2019 Forecast by Region

		(JPY mn)			
		2019 Jan-Dec	2018 Jan-Dec	YoY %	Constant currency basis %
Japan	Revenue less cost of sales	400,800	369,258	+8.5	+8.5
	Underlying operating profit	81,300	80,268	+1.3	+1.3
	Operating margin	20.3%	21.7%	(1.4)	(1.4)
International total	Revenue less cost of sales	585,600	563,852	+3.9	+7.4
	Underlying operating profit	76,100	72,963	+4.3	+7.5
	Operating margin	13.0%	12.9%	+0.1	+0.1
Currency		Av. Jan 2019	Av. Jan-Dec in 2018		
JPY/USD		109.0 yen	110.4 yen	(1.3)	-
JPY/GBP		140.7 yen	147.5 yen	(4.6)	-

Dividend



Notes:

Payout ratio... Based on underlying net profit attributable to owners of the parent

()... Interim dividend per share

Capital Management Strategy

Objective: to deliver an improvement in Shareholder Value over time



Growth of the business – priority for capital deployment:

- Investing in Japan and globally, and realization of future profit growth



Focus on shareholder return (dividends and share repurchase):
steady improvement

- Combination of stable capital returns and flexible share repurchase



Achieve ROE higher than capital cost in the long term

Disclaimer

Forward-Looking Statements

This presentation contains statements about Dentsu that are or may be forward-looking statements. All statements other than statements of historical facts included in this presentation may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects” or, words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: information on future capital expenditures, expenses, revenues, earnings, synergies, economic performance, and future prospects.

Such forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof.

Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation

- i Risk related to fluctuations in the economic and business environment
- ii Risk related to structural changes in the media
- iii Risk related to our ability to realize our financial targets
- iv Risk related to common business practices
- v Risk related to competition among advertising agencies
- vi Risk related to the development of systems and databases
- vii Risk related to legal or regulatory changes
- viii Risk of litigation

Dentsu disclaims any obligation to update any forward-looking or other statements contained herein, except as required by applicable law.

Appendices

1. Definition

- **Turnover:** The gross amounts billable to clients handled by the Group on behalf of clients, with net of discounts, VAT and other sales-related taxes
- **Underlying operating profit:** KPI to measure recurring business performance which is calculated as operating profit added with amortization of M&A related intangible assets, acquisition costs, share-based compensation expenses related to acquired companies and one-off items such as impairment loss and gain/loss on sales of non-current assets
- **Operating margin:** Underlying operating profit divided by Revenue less cost of sales
- **Underlying net profit (attributable to owners of the parent):**
KPI to measure recurring net profit attributable to owners of the parent which is calculated as net profit (attributable to owners of the parent) added with adjustment items related to operating profit, gain/loss on sales of shares of associates, revaluation of earnout liabilities / M&A related put-option liabilities, tax-related, NCI profit-related and other one-off items
- **Underlying basic EPS:** EPS based on underlying net profit (attributable to owners of the parent)
- **EBITDA:** Operating profit before depreciation, amortization and impairment losses
- **Underlying ROE:** Underlying net profit (attributable to owners of the parent) divided by the average of owners' interests as of the beginning and end of the fiscal year
- **Constant currency basis:** Comparison with the current period where the previous year's numbers are recalculated using the currency exchange rate which is used for the current year's numbers
- **Currency:** Currency movements comparing prior period reported revenue less cost of sales at reported currency to prior period revenue less cost of sales at constant currency (reported currency of the current year)
- **Acquisitions:** The effect of business acquired or disposed of since the beginning of the prior year
- **Organic growth:** Organic growth represents the constant currency year-on-year growth after adjusting for the effect of business acquired or disposed of since the beginning of the prior year. This is calculated by comparing current period reported revenue less cost of sales to prior period revenue less cost of sales, adjusted for the pre-acquisition or pre-disposal revenue less cost of sales as applicable, and stated at constant exchange rate, in order to derive like-for-like growth

Detail of Pro Forma information by IFRS 15

The changes implemented in line with the application of IFRS 15 are as follows.

1. For certain revenue, revenue is presented on gross basis.

	Pro Forma	Financial reporting	(JPY mn)
	2017 Jan-Dec	2017 Jan-Dec	difference
Revenue	949,837	928,841	+ 20,996

2. The timing related to revenue recognition is changed for certain transactions.

The difference occurs only from Q1 to Q3, and there is no difference in full year basis as follows.

Please refer to quarterly disclosures for the detail of impacts from Q1 to Q3.

Transition of difference (pro forma – financial reporting)				(JPY mn)
	2017 Jan-Dec	2017 Jan-Sep	2017 Jan-Jun	2017 Jan-Mar
Turnover	–	(13,859)	(27,718)	(41,066)
Revenue	–	(1,192)	(2,384)	(3,532)
Revenue less cost of sales	–	(1,192)	(2,384)	(3,532)
Underlying operating profit	–	(1,192)	(2,384)	(3,532)

Quarterly Results

(JPY mn)

	2018 Oct-Dec	YoY %	2018 Jul-Sep	YoY %	2018 Apr-Jun	YoY %	2018 Jan-Mar	YoY %
Turnover	1,520,690	(1.8)	1,248,410	+3.9	1,337,338	+9.8	1,250,838	+2.6
Revenue	293,343	+3.5	243,514	+9.4	239,546	+11.6	242,107	+5.7
Revenue less cost of sales	264,378	+2.3	222,562	+7.5	219,073	+10.4	226,665	+6.1
Japan	96,581	(3.4)	86,276	+2.7	84,059	+8.4	102,340	+1.9
International	168,041	+5.9	136,326	+10.8	135,099	+11.6	124,385	+9.8
Underlying operating profit	63,718	(9.4)	28,647	(9.6)	28,118	+16.1	32,744	(13.3)
Japan	18,773	(29.0)	15,954	(7.0)	15,100	+24.5	30,439	(7.9)
International	44,947	+2.5	12,691	(12.5)	13,014	+7.5	2,309	(50.8)
Operating margin	24.1%	(3.1)	12.9%	(2.4)	12.8%	+0.6	14.4%	(3.3)
Underlying net profit	49,413	+0.9	16,414	(16.0)	13,619	(13.9)	17,972	(23.7)
Operating profit	53,645	(28.3)	17,459	(11.2)	18,139	+26.5	22,393	(21.7)
Net profit	32,115	(48.0)	47,414	+224.5	(1)	-	10,788	(30.9)
EBITDA	69,203	(21.7)	32,314	(6.3)	32,865	+15.0	37,022	(13.1)

Note:

Net profit, underlying net profit... Excluding attribution to non-controlling interests

Quarterly Organic Growth

	Dentsu consolidated total (%)			Japan (%)			International total (%)		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Jan-Mar	+2.1	+3.7	+4.1	+1.9	+4.3	+3.6	+2.2	+3.1	+4.5
Apr-Jun	+5.9	(4.6)	+10.0	+8.4	(7.6)	+13.4	+4.5	(2.7)	+7.2
Jul-Sep	+5.4	(2.1)	+3.0	+2.7	(4.8)	+0.9	+7.0	(0.2)	+5.2
Oct-Dec	+0.9	+2.8	+4.1	(3.0)	+5.5	+1.4	+3.4	+1.2	+5.8

	International – EMEA			International – Americas			International – APAC		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Jan-Mar	+2.7	+5.8	+10.7	+4.6	+0.6	(2.0)	(2.9)	+4.5	+5.2
Apr-Jun	+4.8	(0.3)	+5.0	+6.5	(4.1)	+2.4	+0.8	(3.8)	+16.8
Jul-Sep	+8.2	+5.9	+5.0	+5.3	(2.0)	+5.4	+8.2	(5.5)	+5.3
Oct-Dec	+12.0	+1.3	+7.5	+3.5	(0.0)	+4.4	(9.6)	+2.6	+5.6

Organic Growth of major countries

2018 Jan-Dec Organic Growth %	Country
"10% or more" to "less than 20%"	Brazil, Denmark, India, Italy, Norway, Russia, Spain, Sweden, Switzerland
"5% or more" to "less than 10%"	Thailand, UK
"0% or more" to "less than 5%"	Canada, Germany, Japan, Netherlands, Taiwan, USA
"Less than 0%"	Australia, China, France

Analysis of Underlying Operating Profit



Notes:

Operating expenses: selling, general & administrative expenses, other income and other expenses

Reconciliation from Underlying NP to Statutory NP

(JPY mn)

	2018 Jan-Dec	2017 Jan-Dec	YoY #	YoY %
Underlying net profit	97,419	107,874	(10,454)	(9.7)
Adjustment items	(7,103)	(2,396)	(4,707)	
Operating profit adjustments	(41,590)	(26,554)	(15,035)	
Gain(Loss) on revaluation of earnout liabilities and M&A related put-option liabilities	(10,744)	+ 13,686	(24,430)	
Gain on sales of shares of associates	+ 52,127	-	+ 52,127	
Related income tax expense	(9,612)	+ 3,427	(13,039)	
Change in income tax rate and others	-	+ 5,811	(5,811)	
Adjustments attributable to non-controlling interests	+ 2,716	+ 1,232	+ 1,484	
Net profit	90,316	105,478	(15,161)	(14.4)
Underlying Effective Tax Rate	28.0%	28.2%	-0.2%	-
Effective Tax Rate	34.5%	24.4%	10.1%	-

Note: Operating profit adjustments... Please refer to "Reconciliation from Underlying OP to Statutory OP"
Underlying net profit and net profit... Excluding attribution to non-controlling interests

Cash Flow

(JPY mn)

	2018 Jan-Dec	2017 Jan-Dec	YoY #	YoY %
Profit before tax	148,751	149,662	(910)	(0.6)
Share of results of associates	(2,699)	(4,222)	+ 1,523	
Depreciation and amortization	59,739	55,587	+ 4,151	
Impairment loss	27	1,093	(1,065)	
Gain and loss on sales and retirement of non-current assets	-	(13,168)	+ 13,168	
Gain and loss on sales of shares of subsidiaries and affiliates	(52,133)	-	(52,133)	
Others	17,465	(1,631)	+ 19,096	
Income taxes paid	(45,968)	(61,058)	+ 15,089	
Cash flow from operations before change in WC i	125,183	126,263	(1,079)	(0.9)

Use of Cash

(JPY mn)

	2018 Jan-Dec	2017 Jan-Dec	YoY #	YoY %
Change in WC ii	7,865	15,293	(7,428)	
Payments for PPE, intangible assets and investment property (net)	(31,322)	(9,347)	(21,974)	
Payments for investing activities (net)	(39,785)	(82,502)	+ 42,716	
Dividends paid to shareholders	(25,370)	(25,516)	+ 145	
Dividends paid to non-controlling shareholders	(6,685)	(2,983)	(3,702)	
Payments for share repurchase	(12)	(20,014)	+ 20,001	
Use of cash iii	(103,176)	(140,363)	+ 37,187	(26.5)
Effect of exchange rate changes and others iv	2,687	5,242	(2,554)	
Change in net cash i+ii+iii+iv	32,560	6,435	+ 26,124	-
(Acquisition payments)				
Initial payments	(28,338)	(46,662)	+ 18,323	
Earn-out payments / Additional acquisition payments	(43,970)	(26,033)	(17,937)	
Proceeds from sales	249	86	+ 163	

Notes: "Payments for PPE (property, plant and equipment), intangible assets and investment property (net)" and "Payments for investing activities (net)" are shown as net figures of payments and proceeds by disposal of PPE/intangible assets/investment property and businesses/subsidiaries.

"Effect of exchange rate changes and others"... Including effect of exchange rate changes from debt and net cash that acquired companies had held.

Financial Position

(JPY mn)

	2018 End of Dec	2017 End of Dec	Var. #	Var. %
Current assets	1,935,586	1,836,584	+ 99,001	+5.4
Non-current assets	1,702,902	1,726,272	(23,370)	(1.4)
Goodwill	786,851	798,177	(11,326)	(1.4)
Intangible assets	249,921	274,502	(24,580)	(9.0)
Total assets	3,638,488	3,562,857	+ 75,631	+2.1
Current liabilities	1,785,608	1,742,215	+ 43,392	+2.5
Non-current liabilities	742,130	670,507	+ 71,622	+10.7
Total liabilities	2,527,738	2,412,722	+ 115,015	+4.8
Owners' interests	1,047,619	1,093,211	(45,591)	(4.2)
Non-controlling interests	63,129	56,923	+ 6,206	+10.9
Total equity	1,110,749	1,150,134	(39,384)	(3.4)
Total liabilities and equity	3,638,488	3,562,857	+ 75,631	+2.1
JPY/USD	111.0 yen	113.0 yen	-	(1.8)
JPY/GBP	140.5 yen	152.0 yen	-	(7.6)

Repayment Schedule of Debt

(JPY mn)

2018 End of Dec	FY2019	FY2020	FY2021	FY2022 onwards	Total
Japan	4,909	32,720	32,720	141,216	211,566
Short-term debt	2,189	-	-	-	2,189
Long-term debt	2,720	32,720	32,720	141,216	209,376
International	99,969	44,059	111	183,152	327,293
Short-term debt	51,153	-	-	-	51,153
Long-term debt	48,816	44,059	111	183,152	276,139
Dentsu consolidated total	104,879	76,779	32,831	324,369	538,859
*reference					
M&A related debt	37,261	16,770	90,921	45,128	190,083
Deferred consideration	22,694	11,105	17,443	18,001	69,244
M&A related put-option liabilities	14,567	5,665	73,478	27,127	120,839

Net Debt

(JPY mn)

	2018 End of Dec	2017 End of Dec	Var. #
Total debt	538,859	460,512	+ 78,346
Cash and cash equivalents	416,668	305,760	+ 110,907
Net debt	122,191	154,752	(32,560)
Total debt (LTM average)	472,460	452,798	+ 19,662
Cash and cash equivalents (LTM average)	282,648	237,976	+ 44,671
Net debt (LTM average)	189,812	214,821	(25,009)
EBITDA (LTM)	171,406	194,073	(22,667)
Net debt / EBITDA (LTM)	0.71	0.80	
Net debt (LTM average) / EBITDA (LTM)	1.11	1.11	

Notes: LTM average... Average of last twelve months
LTM... Last twelve months

Turnover of Japan business by Business Category(IFRS basis)

(JPY mn)

	2018 Jan-Dec	YoY %	Oct-Dec	YoY %	July-Sep	YoY %	Apr-June	YoY %	Jan-Mar	YoY %
Newspapers	77,345	(15.1)	20,403	(19.0)	14,997	(14.7)	16,548	(8.0)	25,396	(16.3)
Magazines	23,344	(7.6)	6,626	(1.8)	5,228	(13.3)	5,185	(11.2)	6,303	(5.2)
Radio	15,768	(8.4)	4,076	(9.8)	4,025	(4.6)	3,534	(12.0)	4,132	(7.3)
Television	698,487	(0.6)	180,540	(3.7)	162,986	(2.5)	174,037	+2.9	180,923	+0.9
Internet*1	191,862	-	55,916	-	42,084	-	44,334	-	49,527	-
OOH Media	54,080	(3.4)	14,088	+2.6	11,393	(10.4)	13,138	+3.3	15,460	(8.2)
Creative	209,644	(1.3)	53,424	(3.5)	50,387	(2.3)	46,604	+3.7	59,228	(2.0)
Marketing/Promotion	259,088	(7.5)	72,480	(13.4)	59,028	(3.7)	56,003	(4.9)	71,575	(6.1)
Content Services (Japan GAAP)*2	207,614	+16.0	33,860	+1.6	54,593	+81.8	29,199	+12.2	89,961	+0.3
Others	143,070	+4.3	38,668	+7.5	34,181	+3.5	34,174	(6.8)	36,046	+14.5
Consolidation adjustments and others*3	6,413	-	16,392	-	5,753	-	27,531	-	(43,263)	-
Internet included in mass media*4	(5,952)	-	(1,662)	-	(1,318)	-	(1,358)	-	(1,614)	-
Total	1,880,768	+0.8	494,817	(2.7)	443,341	+2.5	448,933	+5.2	493,677	(0.7)

Reference:

Internet (previous calculation)*5	185,909	+18.9	54,254	+21.6	40,766	+22.6	42,976	+18.0	47,912	+13.8
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*1 The aggregate of Internet (previous calculation) and internet turnover which is included in mass media (2018 Jan to Dec: JPY 5,952 mn)

*2 There is a difference in revenue recognition timing between IFRS and Japan GAAP. In the left table, Japan GAAP, applied by Parent Company, is used for this section. The difference between IFRS and Japan GAAP is recorded in "Consolidation adjustments and others."

*3 Turnover to group companies in International business, GAAP difference and others are included.

*4 Amounts included in both "Internet" and mass media.

*5 Based on the calculation used in "Interactive Media" which was previously disclosed as part of Parent Company disclosure.

Japan Business Digital Domain (IFRS basis)

	(JPY mn)	
	2018 Jan-Dec	YoY %
Digital domain turnover	352,046	+16.2
Digital domain revenue less cost of sales	88,095	+9.6
Digital domain ratio in Japan business*1	23.9%	+1.7

*1 From Q1 2018, Internet revenue less cost of sales included in mass media of Parent Company and digital revenue less cost of sales in OOH Media are added to previously used digital domain revenue less cost of sales ratio.

Results of Parent Company (J-GAAP)

(JPY mn)

	2018 Jan-Dec	YoY %	Oct-Dec	YoY %	Jul-Sep	YoY %	Apr-Jun	YoY %	Jan-Mar	YoY %
Net sales (Turnover)	1,539,962	(1.4)	382,414	(5.4)	362,675	+2.7	344,507	+0.1	450,365	(2.1)
Revenue less cost of sales	231,520	+1.3	55,903	(6.2)	57,762	+7.0	46,918	+2.1	70,935	+2.8
<i>Revenue less cost of sales margin</i>	<i>15.0%</i>	<i>+0.4</i>	<i>14.6%</i>	<i>(0.1)</i>	<i>15.9%</i>	<i>+0.6</i>	<i>13.6%</i>	<i>+0.3</i>	<i>15.8%</i>	<i>+0.8</i>
SG&A	182,915	+5.0	48,698	+6.2	44,829	+0.7	41,877	+4.7	47,511	+8.4
Operating income	48,604	(10.5)	7,205	(47.5)	12,932	+36.7	5,041	(15.6)	23,424	(6.8)
<i>vs. Revenue less cost of sales</i>	<i>21.0%</i>	<i>(2.8)</i>	<i>12.9%</i>	<i>(10.1)</i>	<i>22.4%</i>	<i>+4.9</i>	<i>10.7%</i>	<i>(2.3)</i>	<i>33.0%</i>	<i>(3.4)</i>
Ordinary income	75,414	(1.9)	14,936	(1.2)	15,519	+33.2	8,233	(39.8)	36,725	+0.9
Income before income taxes	130,640	+52.7	11,319	(52.2)	73,893	+533.7	8,766	(35.9)	36,660	+0.3
Net income	94,841	+49.2	9,050	(43.9)	51,630	+536.9	6,775	(39.5)	27,385	(2.6)

Note: SG&A... Selling, general & administrative expenses

Net Sales(Turnover) of Parent Company by Business Category (J-GAAP)

(JPY mn)

	2018 Jan-Dec	YoY %	Oct-Dec	YoY %	Jul-Sep	YoY %	Apr-Jun	YoY %	Jan-Mar	YoY %
Newspapers	68,462	(15.5)	18,114	(18.4)	13,123	(14.9)	14,802	(7.8)	22,421	(18.0)
Magazines	21,562	(7.7)	6,108	(3.2)	4,748	(15.0)	4,819	(10.6)	5,886	(3.1)
Radio	13,195	(4.6)	3,394	(10.0)	3,390	+0.8	2,977	(7.6)	3,433	(1.3)
Television	656,560	(1.0)	170,505	(3.7)	152,684	(3.2)	163,909	+2.5	169,460	+0.5
Internet*1	122,564	-	34,626	-	27,159	-	28,059	-	32,718	-
OOH Media	51,508	(6.7)	13,229	(4.8)	10,866	(13.0)	12,650	+0.9	14,761	(9.4)
Creative	189,434	(1.1)	47,012	(2.7)	46,170	(2.4)	42,098	+2.5	54,152	(1.4)
Marketing/Promotion	183,251	(14.5)	48,072	(18.1)	43,076	(10.6)	40,398	(18.2)	51,704	(10.8)
Content Services	200,126	+15.9	33,118	+0.7	53,114	+82.5	26,497	+12.2	87,396	+0.3
Others	39,248	(4.6)	9,893	(4.7)	9,656	(4.3)	9,652	(4.2)	10,045	(5.1)
Internet included in mass media*2	(5,952)	-	(1,662)	-	(1,318)	-	(1,358)	-	(1,614)	-
Total	1,539,962	(1.4)	382,414	(5.4)	362,675	+2.7	344,507	+0.1	450,365	(2.1)

Reference

Internet (previous calculation)*3	116,611	+10.8	32,964	+7.1	25,841	+8.1	26,701	+15.6	31,103	+13.2
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*1 The aggregate of Internet (previous calculation) and internet turnover which is included in mass media (JPY 5,952mn)

*2 Amounts included in both "Internet" and mass media.

*3 Based on the calculation used in "Interactive Media" which was previously disclosed.

Note: Please refer to the Appendices "Turnover of Japan business by Business Category(IFRS basis)" slide for the turnover of Japan business which includes subsidiaries in Japan.

Net Sales(Turnover) of Parent Company by Industry (J-GAAP)

(JPY mn)

	2018 Jan-Dec	YoY %	Oct-Dec	YoY %	Jul-Sep	YoY %	Apr-Jun	YoY %	Jan-Mar	YoY %
Information/Communications	237,278	+7.4	54,756	(0.1)	75,552	+39.7	41,291	+1.7	65,679	(8.2)
Finance/Insurance	148,582	+6.6	37,507	+15.5	31,821	+13.1	30,956	+6.5	48,296	(2.8)
Beverages/Cigarettes	141,728	(7.4)	30,746	(24.7)	32,372	(14.0)	41,941	+3.5	36,668	+7.5
Cosmetics/Toiletries	141,472	(2.8)	38,748	(8.9)	34,059	(0.8)	39,113	+3.7	29,551	(4.4)
Foodstuffs	108,229	(7.0)	25,733	(3.4)	23,939	(8.7)	28,478	+5.7	30,077	(17.7)
Food Services/Other Services	92,984	+14.5	26,821	+4.7	18,751	+6.2	19,363	+26.6	28,048	+23.9
Automobiles/Related Products	88,234	(10.6)	20,213	(26.4)	18,733	(23.6)	17,291	(17.6)	31,995	+24.5
Distribution/Retailing	77,719	(7.7)	19,906	(12.1)	17,851	(6.8)	21,363	(0.6)	18,598	(11.0)
Transportation/Leisure	64,799	(2.9)	13,807	+4.2	14,379	+1.1	13,188	(9.0)	23,424	(5.5)
Pharmaceuticals/Medical Supplies	64,742	+3.8	18,775	+0.6	15,940	+13.0	14,474	(10.1)	15,551	+15.3
Real Estate/Housing Facilities	60,623	+0.3	11,569	(12.6)	12,778	(1.7)	12,142	+4.8	24,132	+6.7
Government/Organizations	59,859	(5.5)	17,727	(2.6)	12,208	+9.1	11,124	(7.5)	18,800	(14.3)
Hobbies/Sporting Goods	49,983	(10.5)	13,145	(8.5)	11,548	(14.5)	10,480	(14.2)	14,808	(5.9)
Energy/Materials/Machinery	36,405	(6.3)	9,980	+4.3	7,655	(15.3)	5,920	+2.6	12,848	(11.2)
Home Electric Appliances/AV Equipment	34,320	(20.7)	9,408	(25.3)	6,263	(32.6)	7,953	(12.6)	10,694	(12.9)
Others	132,997	+1.2	33,566	+7.1	28,818	+6.7	29,424	(3.3)	41,187	(3.3)
Total	1,539,962	(1.4)	382,414	(5.4)	362,675	+2.7	344,507	+0.1	450,365	(2.1)

Effects of Currency Exchange Rates

	Average rate			Period end rate		
	2018 Jan–Dec	2017 Jan–Dec	Var. %	2018 End of Dec	2017 End of Dec	Var. %
JPY/USD	110.4 yen	112.2 yen	(1.6)	111.0 yen	113.0 yen	(1.8)
JPY/EUR	130.4 yen	126.7 yen	+3.0	127.0 yen	134.9 yen	(5.9)
JPY/CNY	16.7 yen	16.6 yen	+0.6	16.2 yen	17.3 yen	(6.5)
JPY/GBP	147.5 yen	144.5 yen	+2.1	140.5 yen	152.0 yen	(7.6)
JPY/AUD	82.6 yen	86.0 yen	(4.0)	78.2 yen	88.2 yen	(11.3)

Revenue less cost of sales ratio by currency (%)

	JPY	USD	EUR	GBP	CNY	AUD	Others	Total
2018 Jan–Dec	39.6	21.2	9.8	6.7	4.4	2.8	15.5	100.0

Summary of Dentsu Aegis Network Ad Spend

(%)

	2019 Jan to Dec Market growth forecast	2018 Jan to Dec Market growth forecast
Japan	0.6	0.2
EMEA	3.0	3.3
UK	6.1	6.5
Germany	0.5	1.0
France	3.1	3.6
Spain	1.2	1.8
Americas	3.6	4.0
USA	3.0	3.4
Canada	5.2	3.7
Brazil	3.6	7.1
APAC (excluding Japan)	6.0	6.3
China	7.0	7.8
Australia	2.4	3.7
India	10.6	9.6
Global	3.8	4.1

Source: "Dentsu Aegis Network - Ad Spend Forecasts January 2019"