



1st Quarter Results for FY2016

ASATSU-DK INC.

May 13, 2016

(Listed on TSE, Security code : 9747)

< Disclaimer >

Forecasts and projections in this document are based upon assumptions and information that we believe are reasonable as of this date when this document was prepared, including those subject to risks, uncertainties and other factors that may cause actual results to differ materially from those projected.

< Currency unit that is used in this document >

Unless specifically noted, all figures are described in millions of the Japanese Yen with figures smaller than one million rounding down. Therefore, sums may not equal the total or the subtotals.

< Definition of the terms in this document >

- Operating Margin : Operating Income/Gross Profits
- Domestic subsidiaries : Domestic subsidiaries that are included in the consolidated accounting
- Chinese subsidiaries : Subsidiaries in the greater China including Taiwan and Hong Kong that are included in the consolidated accounting.
- Asia subsidiaries : Subsidiaries in Asia, excluding China, that are included in the consolidated accounting.
- Europe and US subsidiaries : Subsidiaries in Europe and the North America that are included in the consolidated accounting.
- TV : TV includes Time(Program), Spot, Content
- Content : Content includes Animation, Culture and Sports Marketing, etc.
- Digital Media : The Internet and mobile-related media
(Note: Digital solutions such as Web creation are included in “Marketing & Promotion”)
- OOH Media : Out-of-Home media such as transportation, outdoor advertising and insertions.
- Marketing & Promotion : Marketing, Communication Planning, Promotion, Events, PR, Exposition events and Digital Solutions, etc.



Consolidated results

(From January 1, 2016 to March 31, 2016)

■ A big improvement in gross profit ratio

- ✓ Better profitability in TV Time, Marketing & Promotion, Creative

■ Domestic pick up and Overseas on the way to reform

- ✓ Domestic subsidiaries went from the red to the black
- ✓ Overseas subsidiaries made operating loss due to a temporary lull in Asia and on-going restructuring reform

■ Continue foundation building and structural reform

- ✓ Reinforced the income management structure by a radical organizational reform in January 2016
- ✓ Divested Nihon Bungeisha, a publishing company (as of April 18, 2016: Consolidated until the current Q1)

■ OP progressed 56% but the plan stays as is

- ✓ Q1 traditionally performs strongly, making higher progress
- ✓ Will see major clients results and the Kumamoto Earthquake impact with caution

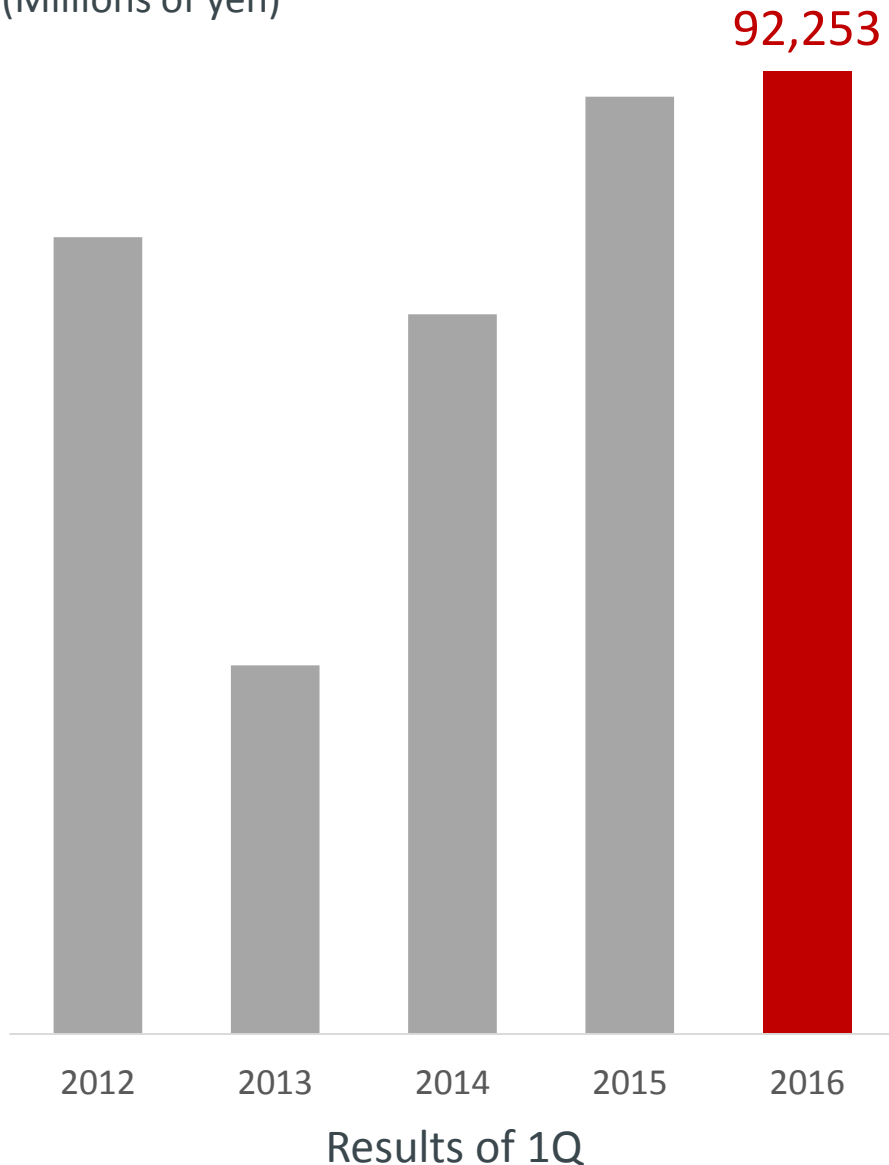
Consolidated P/L (Summary)



(Millions of yen)

	2015 Jan – Mar	2016 Jan – Mar	Increase (decrease)	Y-o-Y Change	(Forecast) FY2016	Progress to the forecast
Gross Billings	92,062	92,253	191	+0.2%	354,000	26.1%
Gross Profit	13,399	13,874	474	+3.5%	49,960	27.8%
Operating Income	2,325	3,026	700	+30.1%	5,400	56.0%
Ordinary Income	2,624	3,194	570	+21.7%	8,550	37.4%
Profit (loss) attributable to owners of parent	1,540	51	(1,489)	-96.6%	3,390	1.5%
Operating Margin	17.4%	21.8%			10.8%	
Staff Cost / Gross Profit	58.9%	53.8%			60.4%	

(Millions of yen)



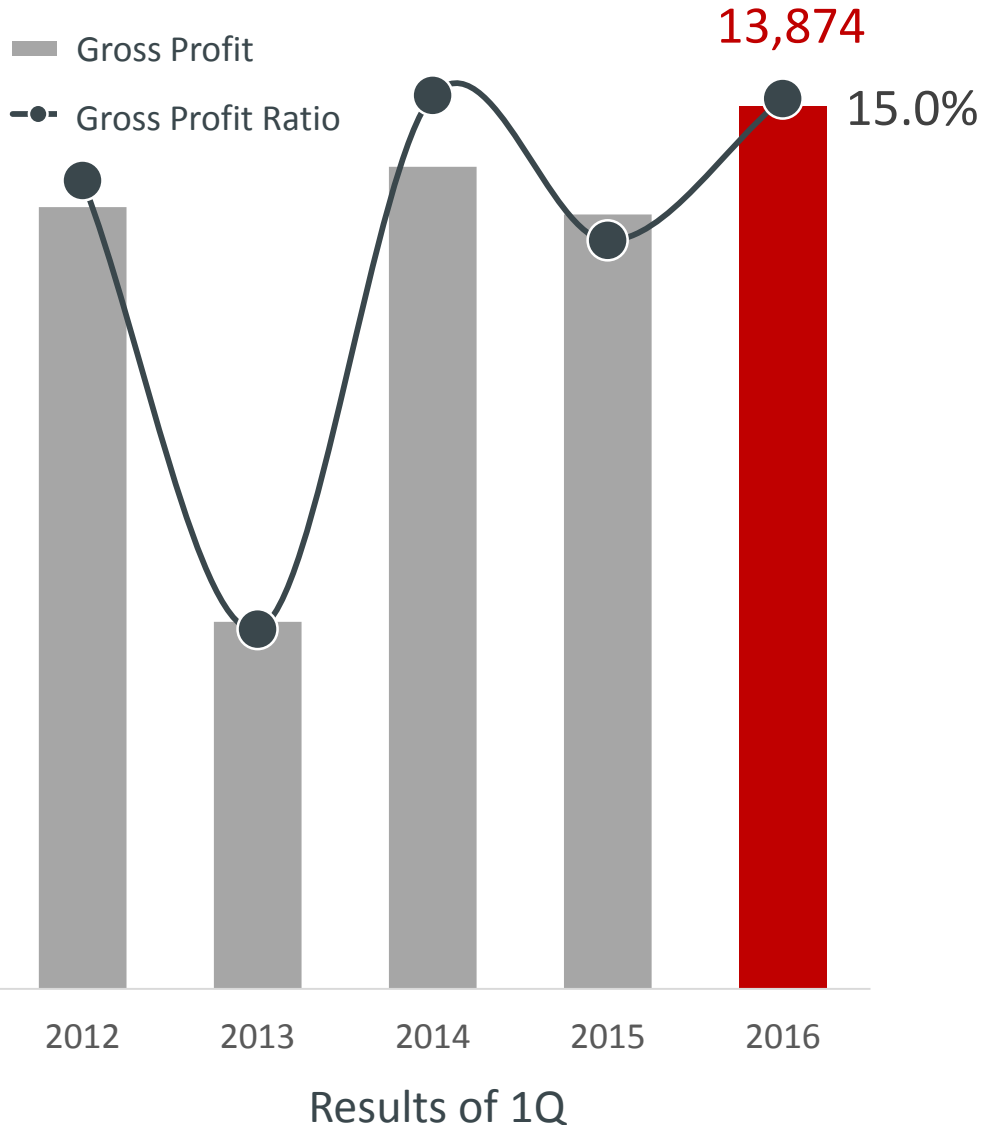
■ Parent Media grew

- ✓ TV Spot Up 6.7%
- ✓ Digital Up 17.8%

■ Domestic companies' contribution

- ✓ ADK Digital Communications
- ✓ ADK Arts
- ✓ ADK International

(Millions of yen)



■ Parent profitability improved

- ✓ Mkt & Promo +1.4pts
- ✓ Creative +1.8pts
- ✓ TV Time +1.4pts

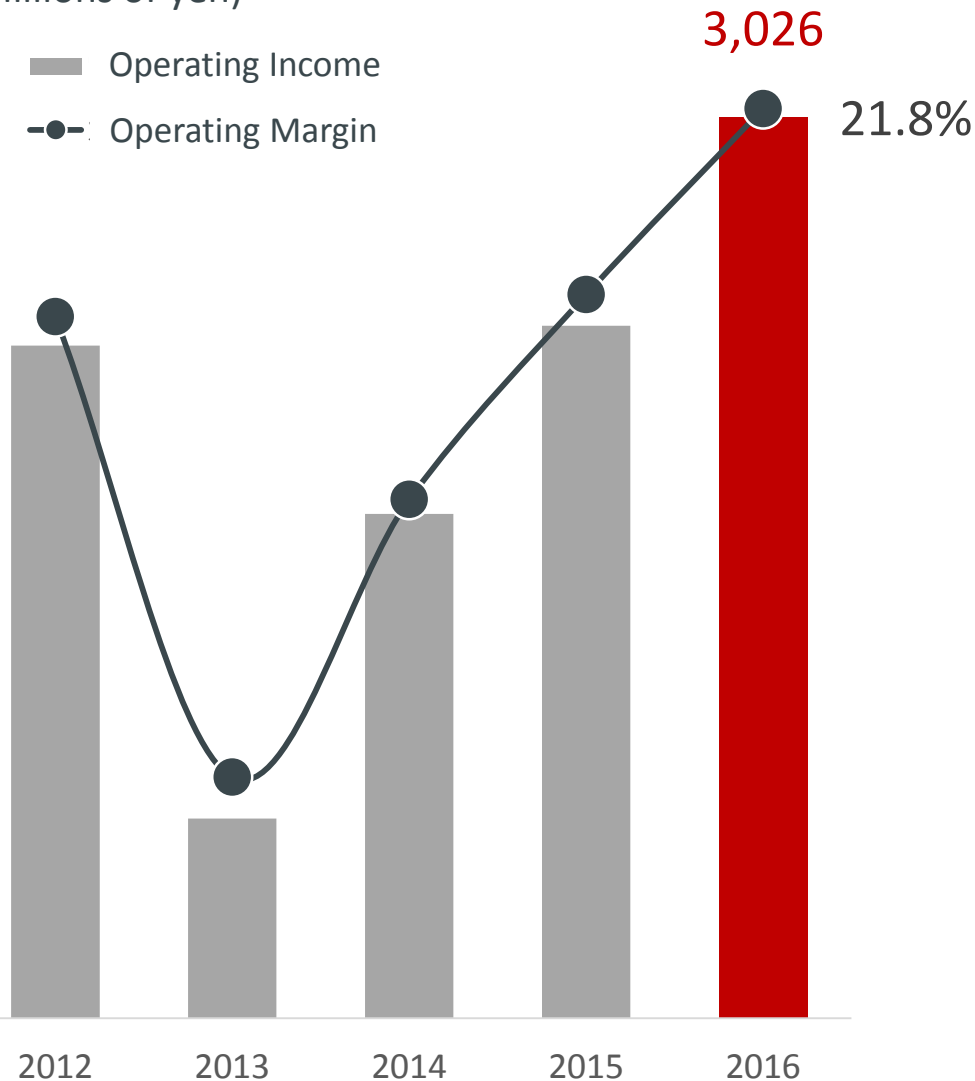
■ Domestic subsidiaries contribution

- ✓ ADK Arts
- ✓ ADK International

Operating Income

(Millions of yen)

■ Operating Income
● Operating Margin



Results of 1Q

■ A quarterly record high

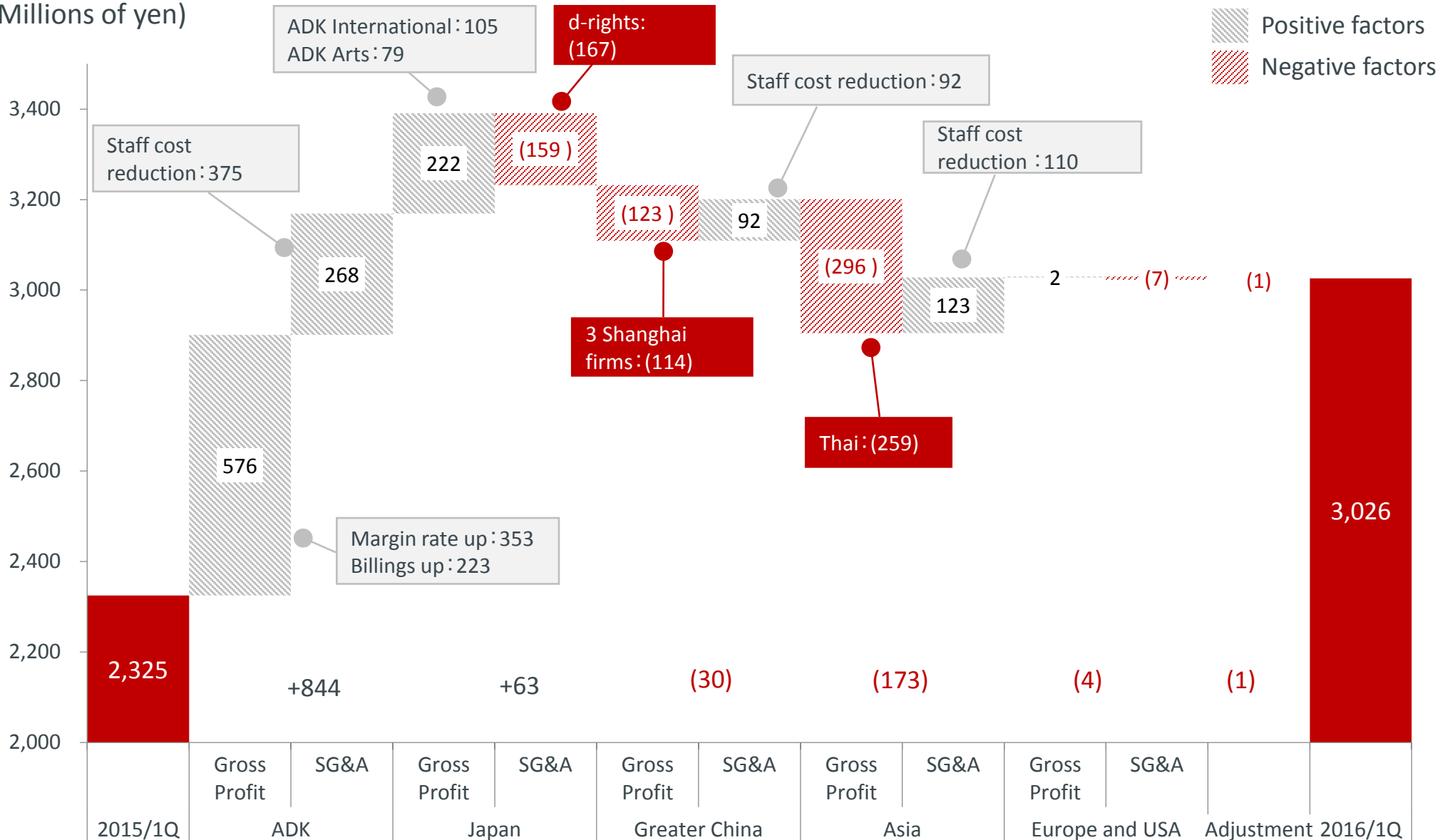
✓ Continued efforts to control SG&A expenses, in particular Parent staff cost

■ Operating Margin also record high

Consolidated OP year-on-year comparison



(Millions of yen)



(Please refer to Appendix for the results and forecast by region)

Operating Income – Net Income



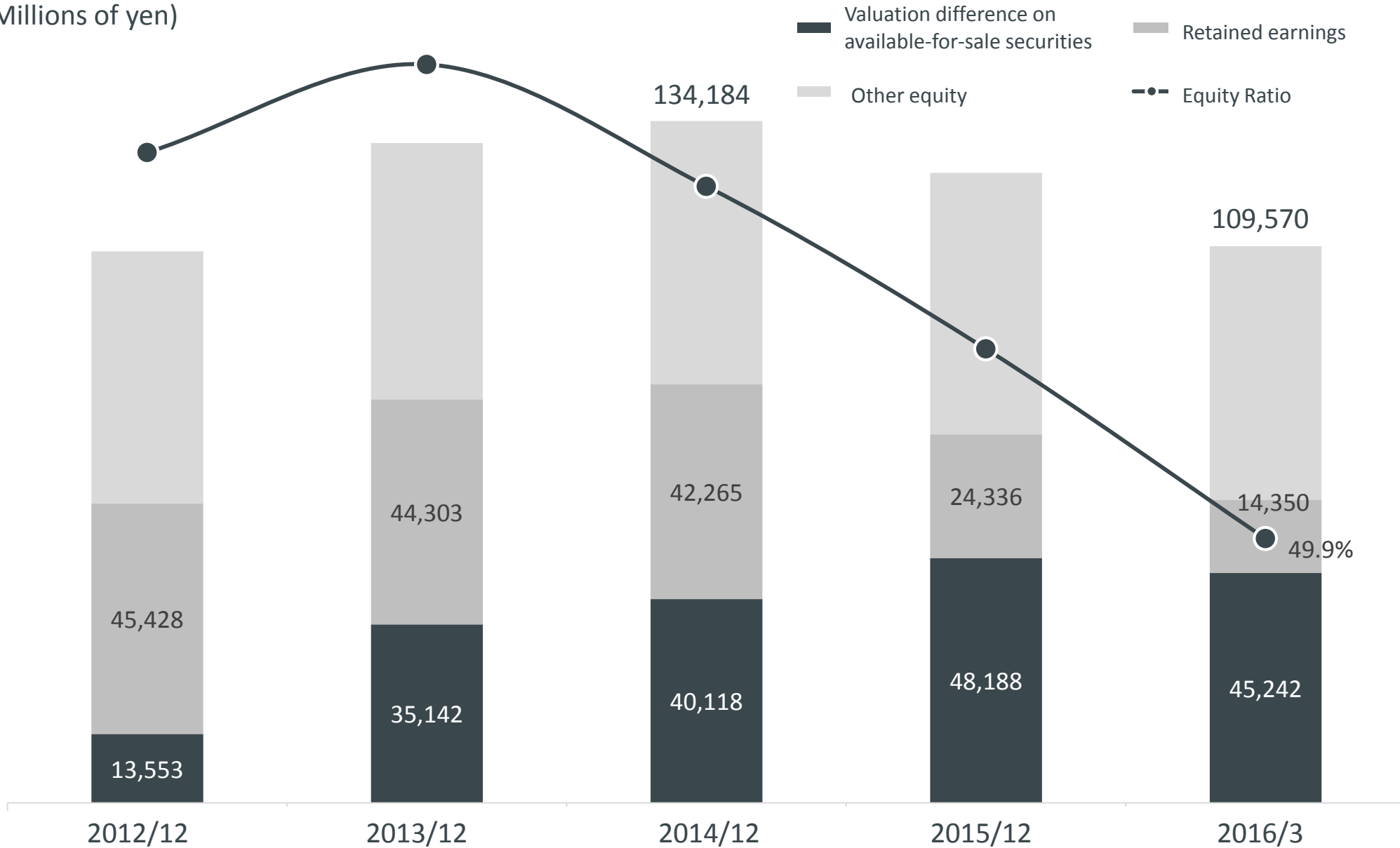
(Millions of yen)

	FY2015 1Q	FY2016 1Q	Increase (Decrease)	Y-o-Y	Main factor
Operating Income	2,325	3,026	700	+30.1%	
Non-Operating Income	346	240			
(Non-Operating Expenses)	(47)	(72)			
Ordinary Income	2,624	3,194	570	+21.7%	
Extraordinary Income	2	106			Gain on sales of non-current assets
(Extraordinary Loss)	(16)	(1,868)			Loss on liquidation of business with the sale of a publishing subsidiary
Income before Income taxes and Minority Interests	2,610	1,432	-1,178	-45.1%	
(Income taxes)	(1,018)	(1,403)			Income tax, etc. from the sales of a publishing subsidiary
Net Income	1,591	28	-1,563	-98.2%	
Profit (loss) attributable to owners of parent	1,540	51	-1,489	-96.6%	

Equity Ratio



(Millions of yen)





Appendix

Consolidated B/S



Assets	End of 2015/12	End of 2016/3	Increase (Decrease)
Cash and Deposits	25,790	16,735	(9,054)
Notes and Accounts Receivable-trade	84,326	83,260	(1,065)
Short-term Investment Securities	2,172	1,986	(186)
Inventories	7,048	8,082	1,033
Other	2,602	2,796	194
Allowance for Doubtful Accounts	(568)	(600)	(31)
Total Current Assets	121,370	112,260	(9,110)
Property, Plant and Equipment	4,800	4,743	(56)
Intangible Assets	2,186	2,048	(138)
Investments and Other Assets			
Investment Securities	101,516	95,439	(6,077)
Other	6,150	6,125	(24)
Allowance for Doubtful Accounts	(819)	(829)	(10)
Total Investments and Other Assets	106,847	100,735	(6,112)
Total Noncurrent Assets	113,834	107,527	(6,307)
Total Assets	235,205	219,787	(15,417)
Equity Ratio	52.7%	49.9%	
BPS (Yen)	2,947.40	2,626.25	

Liabilities	End of 2015/12	End of 2016/3	Increase (Decrease)
Notes and Accounts Payable-trade	74,130	74,289	158
Short-term loans payable	96	82	(13)
Other	10,329	12,330	2,001
Total Current Liabilities	84,556	86,703	2,146
Net defined benefit liability	22,966	19,978	(2,988)
Deferred tax liabilities	935	929	(5)
Other	1,258	1,215	(42)
Total Noncurrent Liabilities	25,160	22,123	(3,036)
Total Liabilities	109,716	108,827	(889)

Net Assets	End of 2015/12	End of 2016/3	Increase (Decrease)
Capital Stock	37,581	37,581	-
Capital Surplus	11,982	11,982	0
Retained Earnings	24,336	14,350	(9,986)
Treasury shares	(210)	(1,211)	(1,000)
Total Shareholder's Equity	73,690	62,703	(10,986)
Valuation Difference on Available-for-sale Securities	48,188	45,242	(2,945)
Deferred Gains or Losses on Hedges	(0)	0	1
Foreign Currency Translation Adjustment	1,859	1,346	(512)
Remesurements of defined benefit plans	266	276	9
Accumulated other comprehensive income	50,314	46,866	(3,447)
Subscription rights to shares	23	25	2
Non-controlling interests	1,461	1,364	(96)
Total Net Assets	125,488	110,960	(14,528)
Total Liabilities and Net Assets	235,205	219,787	(15,417)

Consolidated P/L



	2015 Jan – Mar	2016 Jan – Mar	Increase (decrease)	Y-o-Y Change	(Forecast) FY2016	Progress to the forecast
Gross Billings	92,062	92,253	191	+0.2%	354,000	26.1%
Gross Profit	13,399	13,874	474	+3.5%	49,960	
Gross Profit Ratio	14.6%	15.0%			14.1%	
SG&A Expenses	(11,073)	(10,847)	(226)	-2.0%	(44,560)	
(Staff Cost)	(7,889)	(7,462)	(426)	-5.4%	(30,190)	
Operating Income	2,325	3,026	700	+30.1%	5,400	56.0%
Non-Operating Income	346	240				
(Non-Operating Expenses)	(47)	(72)				
Ordinary Income	2,624	3,194	570	+21.7%	8,550	37.4%
Extraordinary Income	2	106				
(Extraordinary Loss)	(16)	(1,868)				
Income before Income taxes and Minority Interests	2,610	1,432	(1,178)	-45.1%	6,740	
(Income taxes)	(1,018)	(1,403)				
Net income	1,591	28				
Profit (loss) attributable to owners of parent	1,540	51	(1,489)	-96.6%	3,390	1.5%
Operating Margin	17.4%	21.8%			10.8%	
Staff Cost / Gross Profit	58.9%	53.8%			60.4%	

Consolidated P/L (by region)



Upper : FY2016 1Q Lower : FY2015 1Q Number of subsidiaries		Gross Billings	Y-o-Y	Gross Profit	Y-o-Y	Operating Income	Y-o-Y
ADK(Parent)		83,012	+2.3%	10,430	+5.8%	3,004	+39.1%
		81,174	+3.3%	9,854	-2.2%	2,160	+54.9%
Japan	13	14,261	+19.4%	2,211	+11.2%	37	-
	11	11,943	-11.6%	1,988	+1.0%	(25)	-
Greater China	8	2,261	-22.0%	462	-21.0%	(98)	-
	8	2,901	-3.9%	585	-1.1%	(67)	-
Asia	13	3,113	-32.4%	642	-31.6%	109	-61.3%
	13	4,608	+15.0%	938	+7.3%	282	-6.9%
Europe and USA	3	1,199	-20.6%	159	+1.8%	(38)	-
	5	1,510	-16.2%	156	-2.1%	(34)	-
Consolidation Adjustment		(11,595)		(32)		11	
		(10,075)		(124)		11	
Total		92,253	+0.2%	13,874	+3.5%	3,026	+30.1%
		92,062	+1.8%	13,399	-1.5%	2,325	+37.3%

Japan : Newly consolidated 1 companies, excepted 0 companies in 2016.
 Greater China : Newly consolidated 0 companies, excepted 0 companies in 2016
 Asia : Newly consolidated 0 companies, excepted 0 companies in 2016
 Europe and USA : Newly consolidated 1 companies, excepted 3 companies in 2016

Non-Consolidated Gross Billings by Sector



	FY2015 Jan-Mar		FY2016 Jan-Mar		Y-on-Y	
	G Billings	Composition	G Billings	Composition	Inc/Dec	Inc/Dec%
Energy/Material/ machinery	764	0.9%	979	1.2%	215	28.2%
Food	7,407	9.1%	7,908	9.5%	501	6.8%
Beverage/Tobacco	5,455	6.7%	4,266	5.1%	-1,188	-21.8%
Pharma/Medical supplies	3,642	4.5%	4,464	5.4%	822	22.6%
Cosmetics/Toiletry	7,141	8.8%	6,910	8.3%	-231	-3.2%
Apparel/Jewelry	3,209	4.0%	3,057	3.7%	-151	-4.7%
Precision machinery/Office supplies	1,098	1.4%	1,137	1.4%	39	3.6%
Home appliances/AV equipment	662	0.8%	500	0.6%	-162	-24.5%
Automobile/Automobile-related Products	4,658	5.7%	6,188	7.5%	1,530	32.8%
Household Goods	448	0.6%	168	0.2%	-279	-62.4%
Hobbies/Sport Goods	5,988	7.4%	6,175	7.4%	186	3.1%
Real Estate/Housing	3,152	3.9%	3,563	4.3%	410	13.0%
Publishing	917	1.1%	777	0.9%	-139	-15.2%
Information/Communication	9,221	11.4%	9,190	11.1%	-31	-0.3%
Distribution/Retail	6,408	7.9%	6,507	7.8%	99	1.6%
Finance/Insurance	7,164	8.8%	7,240	8.7%	76	1.1%
Transportation/Leisure	2,197	2.7%	2,605	3.1%	407	18.5%
Restaurants/Other service	2,093	2.6%	2,107	2.5%	13	0.7%
Government/Organizations	4,642	5.7%	4,179	5.0%	-462	-10.0%
Education/Medical Service/Religion	1,856	2.3%	2,188	2.6%	332	17.9%
Signage/Other	3,041	3.7%	2,891	3.5%	-150	-4.9%
Total	81,174	100.0%	83,012	100.0%	1,838	2.3%

Non-Consolidated Gross Billings by Media

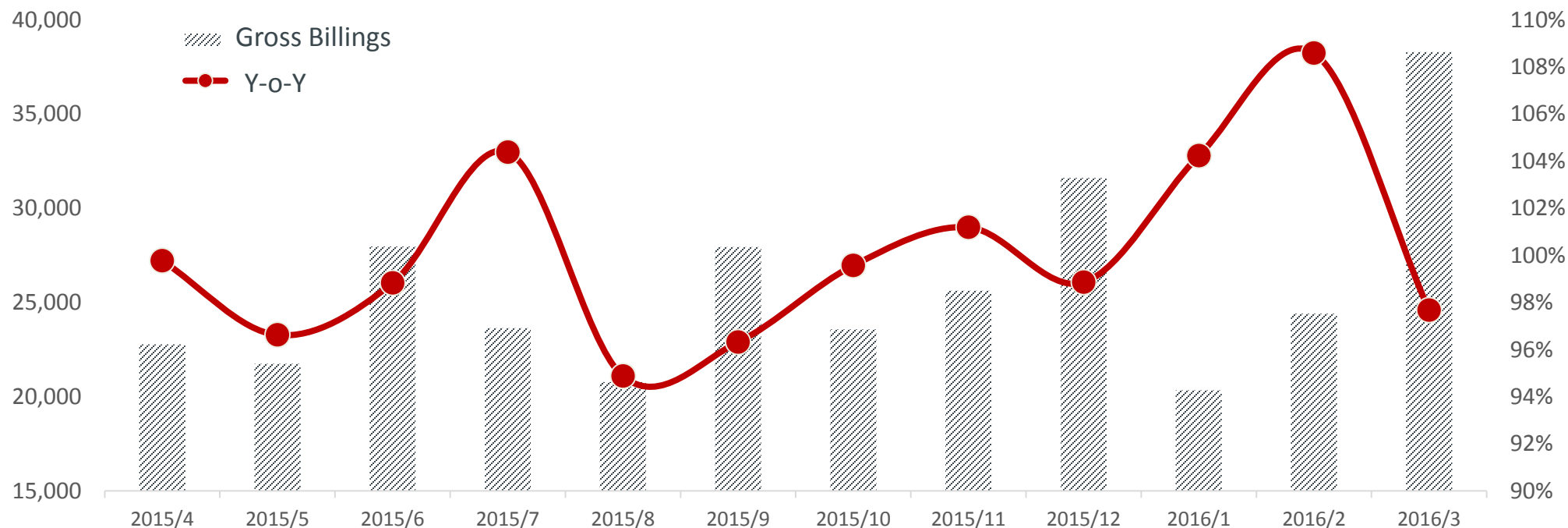


	FY2015 Jan-Mar		FY2016 Jan-Mar		Y-on-Y	
	G Billings	Composition	G Billings	Composition	Inc/Dec	Inc/Dec%
Magazine	3,132	3.9%	2,871	3.5%	-261	-8.3%
Newspaper	5,273	6.5%	5,591	6.7%	318	6.0%
TV	37,677	46.4%	38,080	45.9%	403	1.1%
Time	14,332	17.7%	13,292	16.0%	-1,040	-7.3%
Spot	19,961	24.6%	21,304	25.7%	1,342	6.7%
Content	3,383	4.2%	3,484	4.2%	100	3.0%
Radio	768	0.9%	996	1.2%	228	29.7%
4 Media	46,851	57.7%	47,540	57.3%	688	1.5%
Digital Media	4,236	5.2%	4,988	6.0%	752	17.8%
OOH Media	2,057	2.5%	2,662	3.2%	604	29.4%
Marketing/Promotion	16,155	19.9%	16,713	20.1%	558	3.5%
Creative	10,021	12.3%	10,480	12.6%	459	4.6%
Other	1,852	2.3%	626	0.8%	-1,226	-66.2%
Except for 4 Media	34,323	42.3%	35,472	42.7%	1,149	3.3%
Total	81,174	100.0%	83,012	100.0%	1,838	2.3%

Non-Consolidated Gross Billings (on a monthly-basis)



	2015/4	2015/5	2015/6	2015/7	2015/8	2015/9	2015/10	2015/11	2015/12	2016/1	2016/2	2016/3
Gross Billings	22,776	21,739	27,968	23,635	20,771	27,939	23,574	25,617	31,603	20,334	24,400	38,277
Magazine	1,118	945	1,120	867	945	1,462	1,237	1,444	986	526	910	1,433
Newspaper	1,407	1,735	1,408	1,487	1,096	1,323	1,810	1,603	1,930	1,593	1,811	2,186
TV	11,843	10,876	12,286	11,940	10,980	12,037	12,031	12,868	14,881	10,770	12,909	14,400
Radio	251	238	237	222	254	240	259	276	310	276	242	477
Digital Media	1,206	1,246	1,639	1,139	1,100	1,503	1,480	1,523	2,118	1,216	1,699	2,072
OOH Media	721	531	859	597	593	1,026	450	467	1,026	557	536	1,569
Marketing/Promotion	3,568	3,992	5,704	4,477	3,687	6,798	3,742	4,893	6,604	3,005	3,918	9,790
Creative	2,466	1,879	4,306	2,736	1,891	3,236	2,399	2,318	3,536	2,275	2,181	6,023
Others	192	292	405	165	221	309	163	221	208	112	189	323



Business Trend and Forecast



Consolidated	FY2014						FY2015						FY2016					
	1Q			Full Year			1Q			Full Year			1Q			Full Year		
	Actual	Y-o-Y	Progress	Actual	Y-o-Y		Actual	Y-o-Y	Progress	Actual	Y-o-Y		Actual	Y-o-Y	Progress	Plan	Y-o-Y	
Gross Billings	90,423	+3.0%	25.6%	352,984	+3.0%		92,062	+1.8%	25.7%	351,956	-0.3%		92,253	+0.2%	26.1%	354,000	+0.6%	
Gross Profit	13,608	+17.2%		48,568	+7.7%		13,399	-1.5%		48,824	+0.5%		13,874	+3.5%		49,960	+2.3%	
GP Ratio	15.1%			13.8%			14.6%			13.9%			15.0%			14.1%		
(SG&A Exp)	(11,915)	+8.9%		(44,470)	+1.7%		(11,073)	-7.1%		(43,923)	-1.2%		(10,847)	-2.0%		(44,560)	+1.4%	
(Staff Cost)	(8,407)	+12.0%		(29,871)	+1.3%		(7,889)	-6.2%		(29,523)	-1.2%		(7,462)	-5.4%		(30,190)	+2.3%	
Operating Income	1,693	+152.1%	41.3%	4,097	+196.2%		2,325	+37.3%	48.4%	4,901	+19.6%		3,026	+30.1%	56.0%	5,400	+10.2%	
Ordinary Income	1,930	+110.4%	26.6%	7,251	+67.6%		2,624	+35.9%	33.8%	8,590	+18.5%		3,194	+21.7%	37.4%	8,550	-0.5%	
Income before Income taxes and Minority Interests	2,123	+119.0%		6,433	+14.9%		2,610	+22.9%		9,189	+42.8%		1,432	-45.1%		8,510	-7.4%	
Profit (loss) attributable to owners of parent	1,281	+151.5%	34.7%	3,696	+7.8%		1,540	+20.2%	32.4%	5,362	+45.1%		51	-96.6%	1.5%	5,500	+2.6%	
Operating Margin	12.4%			8.4%			17.4%			10.0%			21.8%			10.8%		
Staff Cost/Gross Profit	61.8%			61.5%			58.9%			60.5%			53.8%			60.4%		

Non-Consolidated	FY2014						FY2015						FY2016					
	1Q			Full Year			1Q			Full Year			1Q			Full Year		
	Actual	Y-o-Y	Progress	Actual	Y-o-Y		Actual	Y-o-Y	Progress	Actual	Y-o-Y		Actual	Y-o-Y	Progress	Plan	Y-o-Y	
Gross Billings	78,573	+2.5%	25.6%	306,718	+3.6%		81,174	+3.3%	26.2%	306,801	+0.0%		83,012	+2.3%	27.0%	307,000	+0.1%	
Gross Profit	10,077	+17.3%		34,662	+7.7%		9,854	-2.2%		32,925	-5.0%		10,430	+5.8%		33,836	+1.4%	
GP Ratio	12.8%			11.3%			12.1%			10.7%			12.6%			11.0%		
(SG&A Exp)	(8,682)	+11.0%		(31,531)	+1.7%		(7,694)	-11.4%		(29,942)	-5.0%		(7,425)	-3.5%		(30,536)	+2.0%	
(Staff Cost)	(6,079)	+17.6%		(20,561)	+0.9%		(5,364)	-11.8%		(19,303)	-6.1%		(4,989)	-7.0%		(19,963)	+3.4%	
Operating Income	1,394	+80.9%	44.5%	3,130	+168.3%		2,160	+54.9%	63.5%	2,983	-4.7%		3,004	+39.1%	91.0%	3,300	+10.6%	
Ordinary Income	1,545	+74.7%	26.0%	5,950	+54.0%		2,319	+50.1%	38.0%	11,112	+86.8%		3,147	+35.7%		—		
Income before Income taxes	1,617	+63.1%		5,609	+18.2%		2,321	+43.5%		12,124	+116.1%		3,064	+32.0%		—		
Net Income	947	+70.2%	27.2%	3,484	+8.6%		1,501	+58.4%	39.2%	9,577	+174.9%		2,134	+42.2%		—		
Operating Margin	13.8%			9.0%			21.9%			9.1%			28.8%			9.8%		
Staff Cost/Gross Profit	60.3%			59.3%			54.4%			58.6%			47.8%			59.0%		

Results and Forecast (by region)



Upper : FY2016 Forecast Lower : FY2015 Result Number of subsidiaries		Gross Billings	Y-o-Y	Gross Profit	Y-o-Y	Operating Income	Y-o-Y
ADK(Parent)		307,000	+0.1%	33,836	+2.8%	3,300	+10.6%
		306,801	+0.0%	32,925	-5.0%	2,983	-4.7%
Japan	12	57,727	+5.9%	9,933	+4.8%	1,025	+4.8%
	12	54,513	-3.3%	9,475	+11.4%	978	+295.2%
Greater China	8	17,108	+22.2%	2,912	-3.6%	184	-37.4%
	8	14,003	+4.1%	3,021	+5.7%	295	-10.2%
Asia	13	13,892	-1.2%	3,187	+2.4%	832	+6.9%
	13	14,056	+13.5%	3,111	+23.7%	778	+55.4%
Europe and USA	4	3,364	-31.7%	532	-19.2%	29	—
	6	4,923	-10.6%	659	+18.5%	(162)	—
Consolidation Adjustment		(45,093)		(441)		28	
		(42,342)		(368)		28	
Total		354,000	+0.6%	49,960	+2.3%	5,400	+10.2%
		351,956	-0.3%	48,824	0.5%	4,901	+19.6%

Consolidated Marketable Securities Update



		End of 2015/12		End of 2016/3	
Current	■ Short-term investment securities				
	Public and corporate bonds in investment trust	84		84	
	Bonds	0	0 Brands	62	1 Brands
	Investment trust, other	2,087	4 Brands	1,838	4 Brands
	Total Current	2,172		1,986	
Non current	■ Investment Securities	101,516		95,439	
	Listed stock	97,346		91,437	
	WPP plc	87,450	31,295,646 shares (2.4%)	82,446	31,295,646 shares (2.4%)
	Other listed shares	9,896	70 Brands	8,991	70 Brands
	Unlisted stock	4,079		3,931	
	Affiliates' shares	1,946	7 Brands	1,976	11 Brands
	Subsidiaries' shares	394	10 Brands	233	10 Brands
	Other unlisted shares	1,739	61 Brands	1,721	60 Brands
	Bonds	0	0 Brands	0	0 Brands
	Investment trust, other	90	2 Brands	69	2 Brands
	■ Other				
Related companies' stake	178	5 Brands	179	2 Brands	
Stake	137	8 Brands	122	9 Brands	
	Total Noncurrent	101,832		95,741	

Impact on profit associated with forex and newly consolidated companies



		Operating Income	Ordinary Income	Profit (loss) attributable to owners of parent
(A)	Consolidated Actual Profit FY2015	3,026	3,194	51
(B)	Forex impact in overseas affiliates	(2)	(7)	(2)
(C)	Forex impact on dividends paid by WPP stock	0	0	0
(B)+(C)=(D)	Total Forex Impact	(2)	(7)	(2)
	As proportion of Profit (D)/(A)	-0.1%	-0.2%	-4.0%
(E)	Impact incurred by newly consolidation*	16	18	15
	As proportion of Profit (E)/(A)	0.5%	0.6%	30.0%
(D)+(E)=(F)	Total Impact incurred by forex fluctuations + newly consolidation	13	11	13
	As proportion of Profit (F)/(A)	0.4%	0.3%	26.0%

* 1 companies were newly consolidated for FY2016

FX Rate	FY2015 1Q	FY2016 1Q
USD/JPY	105.79	121.10
EUR/JPY	140.35	134.31
THB/JPY	3.65	3.24
RMB/JPY	19.08	17.60

Consolidated companies (as of 2016/4/1)



	Japan	China	Asia	Europe and USA	Total
Consolidated subsidiary	12	8	13	4	37
Equity method affiliates	4	3	0	0	7
Total	16	11	13	4	44

Japan

Agency :

ADK Arts
ADK Dialog
ADK Digital Communications
ADK International

Axival

China Stories
d-rights
Eiken

Kyowa Kikaku
Right Song Music Publishing

※ ASP
※ Drill
※ DA Search & Link
※ Premier Cross Value

Other :

ADK Insurance Service
Biomedis Internarional

Greater China

China

Asatsu Century (Shanghai) Advertising
Asatsu (Shanghai) Exposition & Advertising
IMMG BEIJING
Shanghai ASATSU Advertising
※ Beijing DongFang SanMeng Public Relations Consulting
※ Guangdong Guangxu (Asatsu) Advertising
※ A2 (Shanghai)Marketing Services

Hong Kong

ASATSU-DK Hong Kong
DK ADVERTISING (HK)

Taiwan

United ASATSU international
DIK-OCEAN Advertising

Asia

Thailand

ADK Thai Holding
ASATSU (Thailand)
ASDIK
DAI-ICHI KIKAKU (Thailand)

Singapore

ASATSU-DK SINGAPORE
IMMG
SCOOP ADWORLD

Indonesia

IMMG Indonesia

Vietnam

ASATSU-DK VIETNAM
DIK VIETNAM

Malaysia

ASATSU-DK (Malaysia)
DAI-ICHI KIKAKU (Malaysia)

Korea

ASATSU-DK Korea

Europe and USA

Germany

ASATSU (Deutschland)

Netherlands

ADK Insights

U.S.A.

ADK America
Sunrights

Underlined companies became either consolidated or equity method affiliates during the period under review

※ Equity method affiliate

ADK