

Our Vision

Tim Andree

Director and Executive Vice President, Dentsu Group Inc.
Executive Chairman & CEO, Dentsu Aegis Network



2019: A year of transformation

The year 2019 was one of transformation. In January 2019, I took on responsibility as the CEO, in addition to my role as Executive Chairman of Dentsu Aegis Network and Executive Vice President of Dentsu Inc. This afforded me two benefits: to get even closer to our clients and our people.

The transformation agenda was established to drive sustainable, profitable growth and combine the breadth and depth of DAN's capabilities to deliver world-class client-centric solutions.

It was a year of making it real by re-assessing ourselves and planning for change.

Making it real for our clients

In order to deliver better services for our clients and experience for our people, transformation was required. We streamlined our offerings around three Lines of Business: Creative, Media and CRM. This provided our people with sharper focus on delivering world-class services and integrated solutions for our clients.

The new structure was designed around our client needs, ensuring our services are easier to navigate, globally consistent and, therefore, set up to help our clients win, keep, and grow their best customers—by being data-driven, tech-enabled, and idea-led.

Expanding our capabilities

We also invested in areas that created the best structure and environment, supported by efficient and globally consistent processes, including best-in-class technology, to reduce duplications, complexity, and cost.

M&A continued to be an accelerant to our strategy and we welcomed 13 new companies including Ugam, a global leader in data and analytics. We became much more focused, prioritizing high-growth markets and segments such as digital creative, data, CRM, and loyalty, that have great synergy opportunities and strong cultural alignment.

Making it real for our people and their communities

Ensuring that our most critical asset, our people, remain at the heart of our business is a key priority. Connecting with one another and having a common purpose is important to our success, especially when driving transformation.

Embedding a common social purpose is equally important. Engaging with our communities and delivering against our social impact goals allows us to create a deeper connection to our role in society.

We supported our global charity Malaria No More to raise \$14bn and launched Isobar Good which leverages our skills and expertise to drive measurable social impact for businesses. We collaborated with clients to create #BrandsForGood to help transform the role of marketing in order to make sustainable living more aspirational for consumers.

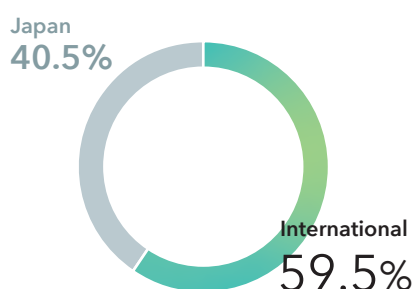
Finally, we reported our strongest environmental performance yet and are now powered by renewable energy in 90% of our offices globally.

Journey to one dentsu

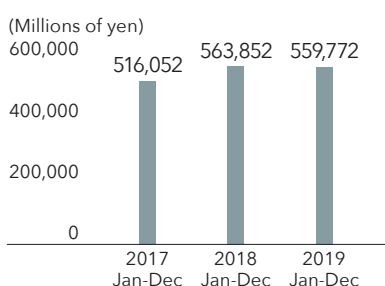
The year 2019 was a big step in our journey to become a more integrated global organization that delivers world-class services to our clients. By working together and leveraging the strength we have in Japan, our goal is to deliver sustainable growth for all of our stakeholders in the years to come.

Performance

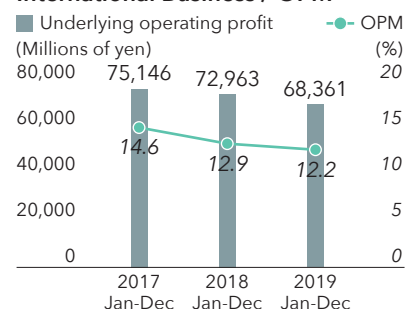
Japan/International Revenue Ratio



Revenue Less Cost of Sales of International Business



Underlying Operating Profit of International Business / OPM*



*OPM: Operating margin

Our Business

Simplifying our Business

As part of our long-term strategy, we recognize that the traditional agency model is no longer fit for purpose as client demands are changing. Our business model must evolve to deliver integrated solutions and world-class services. And we must shift gears toward medium-term margin improvement and long-term sustainable growth.

Our new business model is designed around our clients, recognizing all elements of the customer lifecycle—to win, keep, and grow our clients' best customers by being idea-led, data-driven, and tech-enabled. This will accelerate our ability to deliver globally consistent, integrated solutions for clients, ensuring our services are easier to navigate. This in turn will drive long-term sustainable growth and medium-term margin improvement.

We now organize our services into three Lines of Business (LoB): Creative, Media and CRM across the Americas, APAC, and EMEA.

Simplified Lines of Business Model

Sales, Solutions and Client Management				
	CREATIVE	MEDIA	CRM	ENTERTAINMENT & SPORTS
Americas Markets				
APAC Markets				
EMEA Markets				

CRM Line of Business



Key Person

David Williams

Global CEO, CRM, Dentsu Aegis
Network and Chairman,
Merkle Group Inc.

Today's most successful brands are built by providing superior customer experiences across sales, service, and marketing. The future of this "connected customer experience" is highly personalized, informed by data, and powered by technology.

The market opportunity for CRM Line of Business is in the development of data-driven strategies that help the best brands in the world deliver these hyper-personalized experiences to maximize customer value, solidify customer loyalty, and ultimately deliver competitive advantage. This is Dentsu's fastest-growing LoB, having doubled in revenue over the past four years. Anchored by Merkle, the network's largest agency brand, the CRM LoB is a matrixed structure that operates at the intersection of our service lines and the distinct industries we serve. Our skilled people-based marketing experts understand the unique needs of our clients, the market challenges they face, and the solutions needed to gain competitive advantage.

Merkle is organized regionally, spanning the Americas, EMEA, and APAC, with near-term Americas expansion plans that include Canada and Latin America. Our global clients rely on our deep knowledge of the distinct market needs and regulatory requirements of every locality in which we operate.

Our strengths in first-party data, combined with identity resolution, data management, marketing technology, data sciences, loyalty, CRM, personalization, and performance media/creative services, have created differentiation against an evolving competitive landscape. As a result, we have seen

consistent double-digit growth, even amid significant market disruption propelled by the collapse of third-party cookies and increasing privacy concerns. As we move toward competing with today's digital transformation powerhouses, we will define a new equation, where data transformation + digital transformation = customer experience transformation.

Adding strength to our value proposition are our alliances with partners, such as Google, Adobe, Salesforce, Oracle, and others. Through these relationships, we are tapping into the growth of enterprise experience technology and Cloud services to enable the total customer experience for the brands we serve.

The CRM LoB's go-to market strategy is centered around four broad categories:

- **Customer Experience Enablement:** Strong technology capabilities grounded in data management and identity and underpinned by deep expertise in enablement technologies.
- **Customer Experience Activation:** Performance media and creative solutions informed by data and delivered through a collection of brands that have world-class capabilities in the field.
- **Analytics:** Plugged into both the enablement and activation sides of the framework, we deliver analytics through those technology platforms and use it to derive targeted insights and measurements.
- **Consulting and Strategy:** Transformation and technology consulting help brands understand how they should organize for success and develop program-level strategies to enable the total customer experience.

Going forward, this LoB will continue to develop new capabilities relating to customer experience transformation consulting and business case modeling. We have our sights set on becoming the market leader enabling and activating the total customer experience. Our future customers will be CEOs and members of the broader C-suite who are looking for meaningful business outcomes that create revenue, cost savings, and ultimately shareholder value.

Creative Line of Business



Key Person

Jean Lin

Global CEO, Creative, Dentsu
Aegis Network and Global Executive
Chairman, Isobar

Our mission is to build a world-class global creative and experience offering with innovation and technology at its heart—an offering that can differentiate our clients' businesses with competitive advantage and drive sustainable growth, beyond effective advertising. The newly-formed Creative line of business brings together all branding, content, design and experience capabilities outside of Japan, including our two global agencies dentsumcgarrybowen, and Isobar. This robust idea-led practice unites over 12,000 like-minded people, to deliver brand and experience transformation for our clients at a global scale, across more than 50 markets worldwide.

The role of marketing and how brands are built has been fundamentally shifted by new technology adoption, people's changing behavior, and refreshed expectations. In this new world, businesses need to differentiate with authenticity more than ever and consumers want to see authenticity of behavior

consistently across all business touch points.

Creativity is about connecting the dots to enable meaningful integrated solutions across touch points and transformation initiatives, united by the same "North Star" and belief.

Creativity today goes beyond advertising and communication. It is about delivering Idea-Led Experiences: ideas that matter, that create competitive advantage, that propel businesses to the future; experiences that change culture and behaviors, that enable engagements and transactions, that enhance trust. Strategic Ideas are the glue that connects the belief system of a business with behaviors. When you know what you believe, you know how to behave.

We craft compelling idea-led experiences, made for the digital age and delivered at global scale.

We create an effective team with strategic branding experts from dentsumcgarrybowen, and digital marketing and experience expertise from Isobar, to deliver creative experiences at scale across the consumer journey.

I believe that at Dentsu Aegis we have the most creative thinkers, makers, innovators and technologists, with inclusion and respect for our teams from many different cultures and markets. It is this diversity of people and disciplines that creates more innovative thinking and the ability to solve a broader set of problems in a more creative way, working in partnership to help clients all over the world to win in the experience economy.

Media Line of Business



Key Person

Peter Huijboom

Global CEO, Dentsu Media &
Global Clients,
Dentsu Aegis Network

Our Media Line of Business provides clients with a diverse range of services to help brands maximize the effectiveness, relevance, and performance of their largest marketing investment, media. We deliver these capabilities through our award-winning media agencies Carat, Vizeum, and dentsuX; our globally recognized digital performance agency iProspect; and our dedicated out-of-home agency Posterscope. In 2019, our agencies topped several of the most trusted global media agency rankings as we continued to expand our relationships with global marketers. At the heart of our success is our commitment to helping clients manage the ever-increasing complexities of media, data, customer advocacy and privacy while maximizing business outcomes.

Within our own business, we are evolving the way our agencies operate by centralizing key technology and investment functions, building an integrated brand portfolio strategy, and leveraging automation to manage costs. These efforts are all aligned to evolving client needs for solutions that

integrate brand and performance marketing, media and CRM, and culturally-relevant content. By bringing our media and performance agencies into an integrated business, we have removed artificial barriers, allowing clients to quickly reallocate spend to generate both long-term brand value and more immediate business performance.

The establishment of the Media Line of Business also allows us to adopt a more systemic approach to sharing capability and leveraging best practices across our agencies. Creating a framework for our agencies to join forces and leverage best practices and talent more quickly allows us to make more impactful media investments. Similarly, we are utilizing our media partner relationships to generate bigger, more innovative solutions.

As we move forward in 2020, we are helping our clients to navigate the most challenging year in a generation with media and marketing budgets under pressure from the pandemic. However, we remain committed to delivering for our clients on our joint transformation journey. In many ways, COVID-19 is accelerating many of the digital trends around which we have been building our strategy for over half a decade—harnessing unique data-fueled insights to build more relevant and accountable media experiences. Finally, we believe media has a real opportunity to redefine its value and impact, binding communities, cultures, and people together through shared experiences. This is exactly the kind of mission that has been the foundation of the Dentsu Group for over 100 years.