

Bain Capital Private Equity reaffirms full offer for Asatsu-DK and announces extension to tender deadline

NOVEMBER 7, 2017, TOKYO, JAPAN – Bain Capital Private Equity yesterday filed an extension with the Kanto Local Finance Bureau for its tender offer to acquire the common shares of Asatsu-DK (ADK, 9747:TSE) with a view to privatizing the business and delisting it from the TSE. The tender offer will now expire on Tuesday, November 21, 2017, instead of November 15, 2017.

The extension was filed in accordance with the Financial Instruments and Exchange Act which requires a tender offer period to be extended by a minimum of 10 business days from the filing of an amendment to the Tender Offer Registration Statement regarding important information. Three reasons have dictated this amendment: 1) ADK's announcement that it has received notice of termination of the Co-operation and Alliance Agreement with WPP, 2) arbitration developments between ADK and shareholder WPP, and 3) China anti-trust clearance, which was received by Bain Capital for the transaction on Monday, November 6, 2017.

As announced by ADK on Monday, November 6, 2017, ADK received notification from its shareholder WPP that it was launching an arbitration process contesting ADK's termination of the Co-operation and Alliance Agreement between the two companies. While WPP has also attempted to end the business alliance with immediate effect, it disputes its obligation to dispose of its shares in ADK, as is contractually required upon ADK's termination of the alliance.

Bain Capital's tender offer is a separate process and not conditional on the outcome of these legal proceedings. However, Bain Capital is ready to support ADK's management as the company enters into litigation with WPP, and is confident in the validity of ADK's termination of the contract.

David Gross-Loh, Managing Director at Bain Capital Private Equity, said:

"While the extension, which is purely to satisfy regulatory requirements, will provide ADK's shareholders with more time to consider the offer, it is important to highlight that the new information does not impact Bain Capital's fully priced offer for ADK. The anti-trust approval was expected and welcomed, and the arbitration process will be conducted separately from our tender process.

"The global advertising industry is undergoing significant change and the traditional business model is in crisis. The Japanese advertising industry, including the nation's third largest advertising agency ADK, has not escaped this trend. Being nimble is more important than ever to remain competitive and privatization is the only viable opportunity ADK has to realize its potential in such a changing landscape.

"We are confident that our offer represents a fair and full valuation of ADK's business. Moreover, given a rival bid has not surfaced and WPP has indicated their intent to terminate the business alliance with ADK, we believe that a competing tender offer is unlikely to emerge at all. As such, we urge shareholders to take advantage of this attractive liquidity opportunity before it lapses."

Bain Capital's offer price of 3,660 JPY per share represents fair value for shareholders at 19x EV/EBITDA on an unadjusted basis equivalent to a 15-25% premium over trading levels prior to the announcement of the tender offer, and 13x EV/EBITDA on an adjusted basis after subtracting the market value of WPP shares on a tax-adjusted basis and reflecting relevant transaction costs. According to ADK's disclosure, this is equivalent to a 29-50% premium over trading levels. This puts the purchase price at the highest range of ADK's share price over the last 10 years and at significantly higher trading multiples than larger publicly traded advertising agencies. Completion of the transaction is subject to a minimum of at least 20,785,200 (50.1%) of the Company's common shares being tendered.

The revised timeline and full conditions of the tender offer can be found in the amendments to the Tender Offer Registration Statement filed with the Kanto Local Finance Bureau.



About Bain Capital Private Equity

Bain Capital Private Equity has partnered closely with management teams to provide the strategic resources that build great companies and help them thrive since its founding in 1984. Bain Capital Private Equity's global team of approximately 220 investment professionals creates value for its portfolio companies through its global platform and depth of expertise in key vertical industries including healthcare, consumer/retail, financial and business services, industrials, and technology, media and telecommunications. Bain Capital has offices in Boston, Chicago, New York, Palo Alto, San Francisco, Dublin, London, Munich, Melbourne, Mumbai, Hong Kong, Shanghai, Sydney and Tokyo and has made investments in more than 300 companies to date. In addition to private equity, Bain Capital invests across asset classes including credit, public equity and venture capital, managing approximately USD 75 billion in total and leveraging the firm's shared platform to capture opportunities in strategic areas of focus.

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