

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 8-K

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CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): February 10, 2017

The Interpublic Group of Companies, Inc.  
(Exact Name of Registrant as Specified in Charter)

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Delaware	1-6686	13-1024020
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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909 Third Avenue, New York, New York	10022
(Address of Principal Executive Offices)	(Zip Code)

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Registrant's telephone number, including area code: 212-704-1200

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(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02. Results of Operations and Financial Condition.**

On February 10, 2017, The Interpublic Group of Companies, Inc. (i) issued a press release, a copy of which is attached hereto as Exhibit 99.1 and incorporated by reference herein, announcing its results for the full year and fourth quarter 2016, (ii) held a conference call to discuss the foregoing results and (iii) posted an investor presentation, a copy of which is attached hereto as Exhibit 99.2 and incorporated by reference herein, on its website in connection with the conference call.

**Item 9.01. Financial Statements and Exhibits.**

Exhibit 99.1: Press release dated February 10, 2017 (furnished pursuant to Item 2.02)

Exhibit 99.2: Investor presentation dated February 10, 2017 (furnished pursuant to Item 2.02)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 10, 2017

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By:     /s/ Andrew Bonzani    

Name: Andrew Bonzani

Title: Senior Vice President, General Counsel and Secretary



New York, NY (February 10, 2017)

FOR IMMEDIATE RELEASE

## **Interpublic Announces Full Year and Fourth Quarter 2016 Results**

- *Company posted FY16 revenue of \$7.85 billion, with strong organic revenue growth of 5.0% for FY16 and 5.3% for Q4*
- *Operating margin expanded to 12.0% for FY16, an improvement of 50 basis points from FY15*
- *FY16 diluted EPS was \$1.49 and was \$1.37 excluding certain below-the-line items, an increase of 13.2% from comparable adjusted FY15 diluted EPS*
- *Board approves 20% increase in quarterly dividend and additional \$300 million toward share repurchase program*
- *Management targets 2017 organic revenue growth of 3% - 4% and further 50 basis points improvement in operating margin*

### **Summary**

#### **Revenue**

- Full year 2016 revenue was \$7.85 billion, compared to \$7.61 billion in 2015, with an organic revenue increase of 5.0% compared to the prior-year period. This was comprised of an organic revenue increase of 5.8% internationally and 4.4% in the U.S.
- Fourth quarter 2016 revenue was \$2.26 billion, compared to \$2.20 billion in the fourth quarter of 2015, with an organic revenue increase of 5.3% compared to the prior-year period. This was comprised of an organic revenue increase of 7.8% internationally and 3.3% in the U.S.

#### **Operating Results**

- For the full year 2016, operating income was \$938.0 million, compared to \$871.9 million in 2015. Operating margin was 12.0% for the full year 2016, compared to 11.5% for the full year 2015.
- Operating income in the fourth quarter of 2016 was \$485.1 million, compared to \$456.4 million in 2015. Operating margin was 21.4% for the fourth quarter of 2016, compared to 20.8% for the fourth quarter of 2015.

## Net Results

- Full year 2016 net income available to IPG common stockholders was \$608.5 million, resulting in earnings of \$1.53 per basic and \$1.49 per diluted share. This compares to net income available to IPG common stockholders of \$454.6 million, or \$1.11 per basic and \$1.09 per diluted share a year ago.
- Full year 2016 results include a non-operating pre-tax loss of \$41.4 million on the sales of businesses, in "Other expense, net," which is chiefly non-cash. The income tax provision includes valuation allowance reversals of \$12.2 million as a result of the disposition of certain businesses, a benefit of \$10.4 million related to the adoption of the Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-09, a benefit of \$23.4 million related to the conclusion and settlement of a tax examination of previous years, and a benefit of \$44.6 million related to refunds to be claimed on future amended U.S. federal returns for tax years 2014 and 2015 primarily related to foreign tax credits. Excluding these items, net income available to IPG common stockholders would be \$556.9 million, resulting in diluted earnings per share of \$1.37. This compares to adjusted net income available to IPG common stockholders a year ago of \$501.7 million, and adjusted diluted earnings per share of \$1.21, excluding the impact of losses on sales of businesses.
- Fourth quarter 2016 net income available to IPG common stockholders was \$317.6 million, resulting in earnings of \$0.81 per basic and \$0.78 per diluted share. This compares to net income available to IPG common stockholders of \$260.3 million, or \$0.65 per basic and \$0.63 per diluted share a year ago.
- Fourth quarter 2016 results include a non-operating pre-tax loss of \$25.3 million on the sales of businesses, in "Other expense, net," which is chiefly non-cash. The income tax provision includes a benefit of \$37.4 million related to refunds to be claimed on future amended U.S. federal returns for tax years 2014 and 2015 primarily related to foreign tax credits. Excluding these items, net income available to IPG common stockholders would be \$303.6 million, resulting in diluted earnings per share of \$0.75. This compares to adjusted net income available to IPG common stockholders a year ago of \$272.1 million, and adjusted diluted earnings per share of \$0.66, excluding the impact of losses on sales of businesses.

"Across the board, 2016 was a successful year, in which we posted strong financial results, continued to build our digital and integrated offerings, and garnered the highest level of recognition for the creativity and effectiveness of our work in over a decade. We grew organically in every region of the world, with notably strong performance in the U.S., and with broad participation from across our agencies, disciplines and client sectors," said Michael I. Roth, Interpublic's Chairman and CEO. "Digital activity across the portfolio continues to be a significant driver of our results. We are well positioned to keep innovating, and to remain a vital partner in helping our clients navigate the complex marketing media environment. Of course,

we also demonstrated our continued ability to focus on and deliver improved profitability. Margin expansion and capital returns are powerful drivers of value for Interpublic going forward.”

Commenting on 2017 targets, Mr. Roth added, "Given our positive market momentum - having just concluded a three-year period of industry-leading organic revenue growth - we believe a competitive target of 3%-4% on this key metric is appropriate for 2017. We are also targeting an additional 50 basis points of operating margin improvement. We have a strong balance sheet and a commitment to returning capital to our owners, which is underscored by the actions our board announced today to increase the dividend and allocate additional funds for share repurchase. Combined with the breadth and strength of our professional offerings, there remains significant potential for enhancing shareholder value in the years to come.”

## **Operating Results**

### **Revenue**

Revenue of \$7.85 billion for the full year 2016 was up 3.1% compared to 2015. During the full year 2016, the effect of foreign currency translation was negative 2.1%, the impact of net acquisitions was positive 0.2%, and the resulting organic revenue increase was 5.0%.

Revenue of \$2.26 billion in the fourth quarter of 2016 was up 3.1% compared with the same period in 2015. During the fourth quarter of 2016, the effect of foreign currency translation was negative 2.0%, the impact of net divestitures was negative 0.2%, and the resulting organic revenue increase was 5.3%.

### **Operating Expenses**

For the full year 2016, salaries and related expenses were \$5.04 billion, up 3.7% compared to 2015. After adjusting for currency effects and the impact of net acquisitions, salaries and related expenses increased 5.7% organically.

During the fourth quarter of 2016, salaries and related expenses were \$1.31 billion, up 6.0% compared to the same period in 2015. After adjusting for currency effects and the impact of net divestitures, salaries and related expenses increased 8.2% organically.

For the full year 2016, office and general expenses were \$1.87 billion, down 0.7% compared to 2015. After adjusting for currency effects and the impact of net divestitures, office and general expenses increased 2.0% organically.

During the fourth quarter of 2016, office and general expenses were \$470.0 million, down 6.9% compared to the same period in 2015. After adjusting for currency effects and the impact of net divestitures, office and general expenses decreased 3.7% organically.

### **Non-Operating Results and Tax**

For the full year 2016, net interest expense of \$70.5 million increased by \$7.5 million compared to 2015. In the fourth quarter of 2016, net interest expense of \$17.8 million decreased by \$0.5 million compared to the same period in 2015.

Other expense, net was \$37.3 million for the full year 2016, and was \$26.2 million for the fourth quarter of 2016, primarily due to losses recorded on sales of businesses.

The income tax provision for the full year 2016 was \$198.0 million on income before income taxes of \$830.2 million, compared to a provision of \$282.8 million on income before income taxes of \$762.2 million in 2015. The income tax provision in the fourth quarter of 2016 was \$106.1 million on income before income taxes of \$441.1 million, compared to a provision of \$145.4 million on income before income taxes of \$427.8 million in the same period in 2015.

The effective tax rate for the full year 2016 was 23.8% and 37.1% for 2015. Excluding the impact of the losses on sales of businesses for both years as well as the various tax items in 2016 discussed above, the effective tax rate for the full year 2016 was 33.4% compared to 35.2% in 2015. The effective tax rate for the fourth quarter of 2016 was 24.1% compared to 34.0% for the same period in 2015. Excluding the impact of the losses on sales of businesses for both years as well as the various tax items in 2016 discussed above, the effective tax rate for the fourth quarter of 2016 was 31.2% compared to 33.1% in 2015.

### **Balance Sheet**

At December 31, 2016, cash, cash equivalents and marketable securities totaled \$1.10 billion, compared to \$1.51 billion at December 31, 2015. Total debt was \$1.69 billion at December 31, 2016, compared to \$1.75 billion at December 31, 2015.

### **Share Repurchase Program and Common Stock Dividend**

During the fourth quarter of 2016, the company repurchased 4.8 million shares of its common stock at an aggregate cost of \$110.0 million and an average price of \$22.90 per share. For the full year 2016, the company repurchased 13.3 million shares of its common stock at an aggregate cost of \$303.3 million and an average price of \$22.76 per share.

Interpublic Board of Directors authorized a new program to repurchase, from time to time, up to \$300 million of the company's common stock. The new share program, which is in addition

to any amounts remaining for repurchase under the program announced in 2016, will take effect immediately and has no expiration date.

During the fourth quarter of 2016, the company declared and paid a common stock cash dividend of \$0.15 per share, for a total of \$58.8 million. During 2016, the company paid four quarterly cash dividends of \$0.15 per share on our common stock, which corresponded to aggregate dividend payments of \$238.4 million for the full year.

The company also announced that its Board of Directors has declared a common stock cash dividend of \$0.18 per share, payable quarterly to holders of record on an ongoing basis.

For more information concerning the company's financial results, please refer to the accompanying slide presentation available on our website, [www.interpublic.com](http://www.interpublic.com).

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#### About Interpublic

Interpublic is one of the world's leading organizations of advertising agencies and marketing services companies. Major global brands include BPN, CRAFT, FCB (Foote, Cone & Belding), FutureBrand, Golin, Huge, Initiative, Jack Morton Worldwide, MAGNA, McCann, Momentum, MRM//McCann, MullenLowe Group, Octagon, R/GA, UM and Weber Shandwick. Other leading brands include Avrett Free Ginsberg, Campbell Ewald, Carmichael Lynch, Deutsch, Hill Holliday, ID Media and The Martin Agency. For more information, please visit [www.interpublic.com](http://www.interpublic.com).

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#### Contact Information

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### Cautionary Statement

This release contains forward-looking statements. Statements in this release that are not historical facts, including statements about management's beliefs and expectations, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined under Item 1A, Risk Factors, in our most recent Annual Report on Form 10-K. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, the following:

- potential effects of a challenging economy, for example, on the demand for our advertising and marketing services, on our clients' financial condition and on our business or financial condition;
- our ability to attract new clients and retain existing clients;
- our ability to retain and attract key employees;
- risks associated with assumptions we make in connection with our critical accounting estimates, including changes in assumptions associated with any effects of a weakened economy;
- potential adverse effects if we are required to recognize impairment charges or other adverse accounting-related developments;
- risks associated with the effects of global, national and regional economic and political conditions, including counterparty risks and fluctuations in economic growth rates, interest rates and currency exchange rates; and
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world.

Investors should carefully consider these factors and the additional risk factors outlined in more detail under Item 1A, Risk Factors, in our most recent Annual Report on Form 10-K.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES  
CONSOLIDATED SUMMARY OF EARNINGS  
FOURTH QUARTER REPORT 2016 AND 2015  
(Amounts in Millions except Per Share Data)  
(UNAUDITED)

	Three months ended December 31,		
	2016	2015	Fav. (Unfav.) % Variance
Revenue:			
United States	\$ 1,258.6	\$ 1,221.1	3.1 %
International	1,005.9	975.1	3.2 %
Total Revenue	<u>2,264.5</u>	<u>2,196.2</u>	<u>3.1 %</u>
Operating Expenses:			
Salaries and Related Expenses	1,309.4	1,235.1	(6.0)%
Office and General Expenses	470.0	504.7	6.9 %
Total Operating Expenses	<u>1,779.4</u>	<u>1,739.8</u>	<u>(2.3)%</u>
Operating Income	<u>485.1</u>	<u>456.4</u>	<u>6.3 %</u>
Operating Margin %	21.4%	20.8%	
Expenses and Other Income:			
Interest Expense	(21.8)	(23.3)	
Interest Income	4.0	5.0	
Other Expense, net	(26.2)	(10.3)	
Total (Expenses) and Other Income	<u>(44.0)</u>	<u>(28.6)</u>	
Income before Income Taxes	441.1	427.8	
Provision for Income Taxes	106.1	145.4	
Income of Consolidated Companies	<u>335.0</u>	<u>282.4</u>	
Equity in Net Income of Unconsolidated Affiliates	1.9	0.5	
Net Income	<u>336.9</u>	<u>282.9</u>	
Net Income Attributable to Noncontrolling Interests	(19.3)	(22.6)	
Net Income Available to IPG Common Stockholders	<u>\$ 317.6</u>	<u>\$ 260.3</u>	
Earnings Per Share Available to IPG Common Stockholders:			
Basic	\$ 0.81	\$ 0.65	
Diluted	\$ 0.78	\$ 0.63	
Weighted-Average Number of Common Shares Outstanding:			
Basic	393.5	403.4	
Diluted	405.2	412.3	
Dividends Declared Per Common Share	\$ 0.15	\$ 0.12	

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES  
CONSOLIDATED SUMMARY OF EARNINGS  
ANNUAL REPORT 2016 AND 2015  
(Amounts in Millions except Per Share Data)  
(UNAUDITED)

	Twelve months ended December 31,		
	2016	2015	Fav. (Unfav.) % Variance
Revenue:			
United States	\$ 4,684.8	\$ 4,475.5	4.7 %
International	3,161.8	3,138.3	0.7 %
Total Revenue	<u>7,846.6</u>	<u>7,613.8</u>	<u>3.1 %</u>
Operating Expenses:			
Salaries and Related Expenses	5,038.1	4,857.7	(3.7)%
Office and General Expenses	1,870.5	1,884.2	0.7 %
Total Operating Expenses	<u>6,908.6</u>	<u>6,741.9</u>	<u>(2.5)%</u>
Operating Income	<u>938.0</u>	<u>871.9</u>	<u>7.6 %</u>
Operating Margin %	12.0%	11.5%	
Expenses and Other Income:			
Interest Expense	(90.6)	(85.8)	
Interest Income	20.1	22.8	
Other Expense, net	(37.3)	(46.7)	
Total (Expenses) and Other Income	<u>(107.8)</u>	<u>(109.7)</u>	
Income before Income Taxes	830.2	762.2	
Provision for Income Taxes	198.0	282.8	
Income of Consolidated Companies	<u>632.2</u>	<u>479.4</u>	
Equity in Net Income of Unconsolidated Affiliates	0.3	1.1	
Net Income	<u>632.5</u>	<u>480.5</u>	
Net Income Attributable to Noncontrolling Interests	(24.0)	(25.9)	
Net Income Attributable to IPG Common Stockholders	<u>\$ 608.5</u>	<u>\$ 454.6</u>	
Earnings Per Share Available to IPG Common Stockholders:			
Basic	\$ 1.53	\$ 1.11	
Diluted	\$ 1.49	\$ 1.09	
Weighted-Average Number of Common Shares Outstanding:			
Basic	397.9	408.1	
Diluted	408.0	415.7	
Dividends Declared Per Common Share	\$ 0.60	\$ 0.48	

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES  
RECONCILIATION OF ADJUSTED RESULTS  
(Amounts in Millions except Per Share Data)  
(UNAUDITED)

	Three Months Ended December 31, 2016					Adjusted Results
	As Reported	Net Losses on Sales of Businesses (1)	Adoption of ASU 2016-09	U.S. Federal Tax Credits		
Income Before Income Taxes	\$ 441.1	\$ (25.3)				\$ 466.4
Provision for Income Taxes	106.1	2.0	\$ (0.1)	\$ 37.4		145.4
<b>Effective Tax Rate</b>	<b>24.1%</b>					<b>31.2%</b>
Equity in Net Income of Unconsolidated Affiliates	1.9					1.9
Net Income Attributable to Noncontrolling Interests	(19.3)					(19.3)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 317.6</b>	<b>\$ (23.3)</b>	<b>\$ (0.1)</b>	<b>\$ 37.4</b>		<b>\$ 303.6</b>
<hr/>						
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	393.5					393.5
Add: Effect of Dilutive Securities						
Restricted Stock, Stock Options and Other Equity Awards	11.7		1.0			10.7
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>405.2</b>		<b>1.0</b>			<b>404.2</b>
<hr/>						
<b>Earnings Per Share Available to IPG Common Stockholders:</b>						
Basic	\$ 0.81	\$ (0.06)	\$ 0.00	\$ 0.10		\$ 0.77
Diluted	\$ 0.78	\$ (0.06)	\$ 0.00	\$ 0.09		\$ 0.75

<sup>(1)</sup> Includes losses on completed dispositions of businesses and the classification of certain assets as held for sale.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES  
RECONCILIATION OF ADJUSTED RESULTS  
(Amounts in Millions except Per Share Data)  
(UNAUDITED)

	Twelve Months Ended December 31, 2016							Adjusted Results
	As Reported	Net Losses on Sales of Businesses (1)	Valuation Allowance Reversals	Adoption of ASU 2016-09	Settlement of Certain Tax Positions	U.S. Federal Tax Credits		
Income Before Income Taxes	\$ 830.2	\$ (41.4)						\$ 871.6
Provision for Income Taxes	198.0	2.4	\$ 12.2	\$ 10.4	\$ 23.4	\$ 44.6		291.0
<b>Effective Tax Rate</b>	<b>23.8%</b>							<b>33.4%</b>
Equity in Net Income of Unconsolidated Affiliates	0.3							0.3
Net Income Attributable to Noncontrolling Interests	(24.0)							(24.0)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 608.5</b>	<b>\$ (39.0)</b>	<b>\$ 12.2</b>	<b>\$ 10.4</b>	<b>\$ 23.4</b>	<b>\$ 44.6</b>		<b>\$ 556.9</b>

<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	397.9							397.9
Add: Effect of Dilutive Securities								
Restricted Stock, Stock Options and Other Equity Awards	10.1			1.0				9.1
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>408.0</b>			<b>1.0</b>				<b>407.0</b>

**Earnings Per Share Available to IPG  
Common Stockholders:**

Basic	\$ 1.53	\$ (0.10)	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.11	\$ 1.40
Diluted	\$ 1.49	\$ (0.10)	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.11	\$ 1.37

<sup>(1)</sup> Includes losses on completed dispositions of businesses and the classification of certain assets as held for sale.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES  
RECONCILIATION OF ADJUSTED RESULTS  
(Amounts in Millions except Per Share Data)  
(UNAUDITED)

	Three Months Ended December 31, 2015		
	As Reported	Losses on Sales of Businesses (1)	Adjusted Results
Income Before Income Taxes	\$ 427.8	\$ (12.0)	\$ 439.8
Provision for Income Taxes	145.4	0.2	145.6
<b>Effective Tax Rate</b>	<b>34.0%</b>		<b>33.1%</b>
Equity in Net Income of Unconsolidated Affiliates	0.5		0.5
Net Income Attributable to Noncontrolling Interests	(22.6)		(22.6)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 260.3</b>	<b>\$ (11.8)</b>	<b>\$ 272.1</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	<b>403.4</b>		<b>403.4</b>
Add: Effect of Dilutive Securities			
Restricted Stock, Stock Options and Other Equity Awards	8.9		8.9
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>412.3</b>		<b>412.3</b>
<b>Earnings Per Share Available to IPG Common Stockholders:</b>			
Basic	\$ 0.65	\$ (0.03)	\$ 0.67
Diluted	\$ 0.63	\$ (0.03)	\$ 0.66

<sup>(1)</sup> Includes losses on completed dispositions of businesses and the classification of certain assets as held for sale.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES  
RECONCILIATION OF ADJUSTED RESULTS  
(Amounts in Millions except Per Share Data)  
(UNAUDITED)

	Twelve Months Ended December 31, 2015		
	As Reported	Losses on Sales of Businesses (1)	Adjusted Results
Income Before Income Taxes	\$ 762.2	\$ (50.0)	\$ 812.2
Provision for Income Taxes	282.8	2.9	285.7
<b>Effective Tax Rate</b>	<b>37.1%</b>		<b>35.2%</b>
Equity in Net Income of Unconsolidated Affiliates	1.1		1.1
Net Income Attributable to Noncontrolling Interests	(25.9)		(25.9)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 454.6</b>	<b>\$ (47.1)</b>	<b>\$ 501.7</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	<b>408.1</b>		<b>408.1</b>
Add: Effect of Dilutive Securities			
Restricted Stock, Stock Options and Other Equity Awards	7.6		7.6
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>415.7</b>		<b>415.7</b>
<b>Earnings Per Share Available to IPG Common Stockholders:</b>			
Basic	\$ 1.11	\$ (0.12)	\$ 1.23
Diluted	\$ 1.09	\$ (0.12)	\$ 1.21

(1) Includes losses on completed dispositions of businesses and the classification of certain assets as held for sale.



Interpublic Group

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# **FOURTH QUARTER & FULL YEAR 2016 EARNINGS CONFERENCE CALL**

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February 10, 2017

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# Overview

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- Total revenue increased 3.1% in both Q4 and the full year
- Organic revenue growth was 5.3% in Q4 and 5.0% for the full year
- FY-16 operating margin was 12.0%, an improvement of 50 bps
- FY-16 diluted EPS was \$1.49, and was \$1.37 as adjusted for sales of businesses and tax items, a 13.2% increase from comparable FY-15
- Repurchased 13 million shares during 2016
- Increased quarterly dividend 20% and authorized new \$300 million share repurchase program

# Operating Performance

	<b>Three Months Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<i>Revenue</i>	\$ 2,264.5	\$ 2,196.2
Salaries and Related Expenses	1,309.4	1,235.1
Office and General Expenses	470.0	504.7
<i>Operating Income</i>	485.1	456.4
Interest Expense	(21.8)	(23.3)
Interest Income	4.0	5.0
Other Expense, net	(26.2)	(10.3)
<i>Income Before Income Taxes</i>	441.1	427.8
Provision for Income Taxes	106.1	145.4
Equity in Net Income of Unconsolidated Affiliates	1.9	0.5
<i>Net Income</i>	336.9	282.9
Net Income Attributable to Noncontrolling Interests	(19.3)	(22.6)
<i>Net Income Available to IPG Common Stockholders</i>	\$ 317.6	\$ 260.3
 <i>Earnings per Share Available to IPG Common Stockholders:</i>		
Basic	\$ 0.81	\$ 0.65
Diluted	\$ 0.78	\$ 0.63
 <i>Weighted-Average Number of Common Shares Outstanding:</i>		
Basic	393.5	403.4
Diluted	405.2	412.3
 <i>Dividends Declared per Common Share</i>	 \$ 0.15	 \$ 0.12

# Revenue

	Three Months Ended		Twelve Months Ended	
	\$	% Change	\$	% Change
<b>December 31, 2015</b>	<b>\$ 2,196.2</b>		<b>\$ 7,613.8</b>	
Total change	68.3	3.1%	232.8	3.1%
Foreign currency	(43.8)	(2.0%)	(159.7)	(2.1%)
Net acquisitions/(divestitures)	(4.5)	(0.2%)	15.3	0.2%
Organic	116.6	5.3%	377.2	5.0%
<b>December 31, 2016</b>	<b>\$ 2,264.5</b>		<b>\$ 7,846.6</b>	

	Three Months Ended December 31,				Twelve Months Ended December 31,			
			Change				Change	
	2016	2015	Total	Organic	2016	2015	Total	Organic
<b>IAN</b>	\$ 1,865.6	\$ 1,793.6	4.0%	6.7%	\$ 6,318.9	\$ 6,144.9	2.8%	5.3%
<b>CMG</b>	\$ 398.9	\$ 402.6	(0.9%)	(0.9%)	\$ 1,527.7	\$ 1,468.9	4.0%	3.6%

Integrated Agency Networks ("IAN"): McCann Worldgroup, FCB (Foote, Cone & Belding), MullenLowe Group, IPG Mediabrands, our digital specialist agencies and our domestic integrated agencies  
 Constituency Management Group ("CMG"): Weber Shandwick, Golin, Jack Morton, FutureBrand, Octagon and our other marketing service specialists

Page 4 See reconciliations of segment organic revenue change on pages 20 and 21.

(\$ in Millions)



# Geographic Revenue Change

	Three Months Ended December 31, 2016		Twelve Months Ended December 31, 2016	
	Total	Organic	Total	Organic
United States	3.1%	3.3%	4.7%	4.4%
International	3.2%	7.8%	0.7%	5.8%
United Kingdom	(0.1%)	11.7%	1.2%	8.5%
Continental Europe	4.2%	11.1%	0.4%	5.7%
Asia Pacific	8.8%	7.5%	0.7%	1.7%
Latin America	(0.7%)	5.0%	(2.8%)	12.2%
All Other Markets	(1.4%)	0.9%	3.9%	4.8%
<b>Worldwide</b>	<b>3.1%</b>	<b>5.3%</b>	<b>3.1%</b>	<b>5.0%</b>

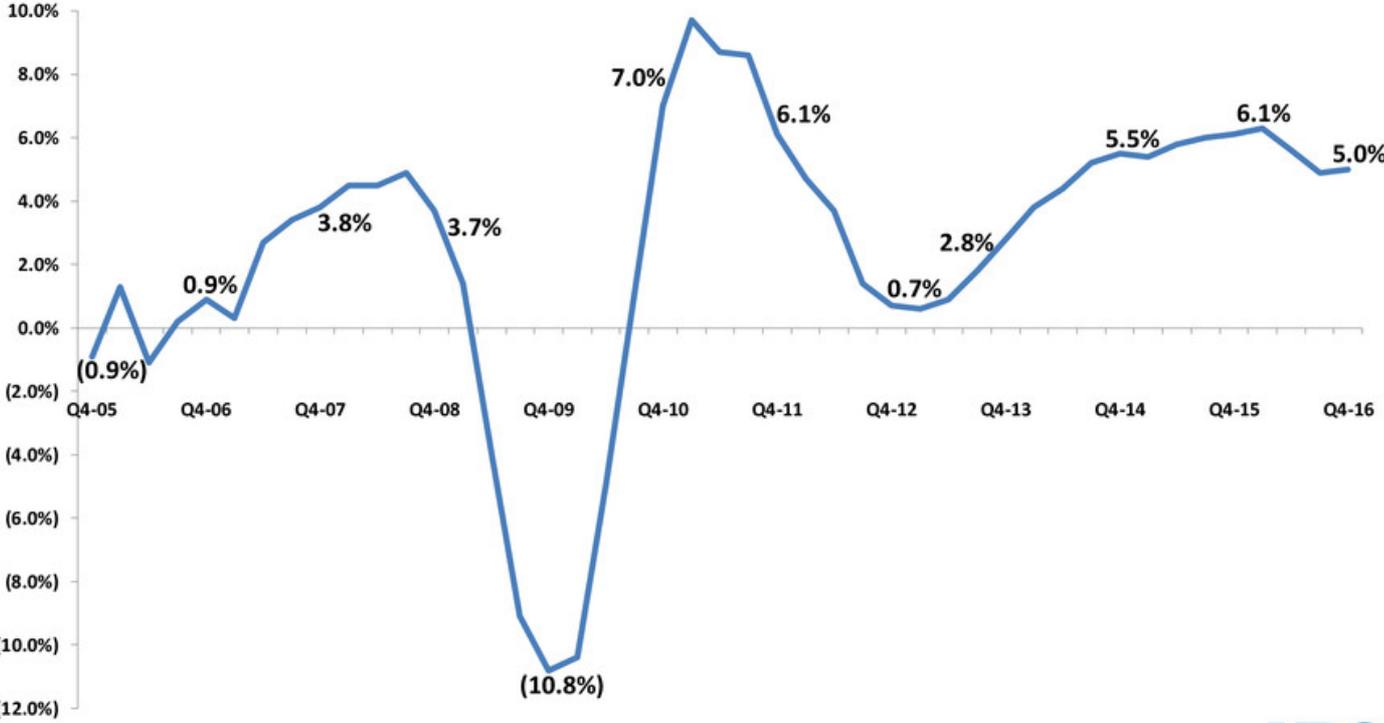
"All Other Markets" includes Canada, Africa and the Middle East.

Page 5 See reconciliations of organic revenue change on pages 20 and 21.



# Organic Revenue Growth

## Trailing Twelve Months



# Operating Expenses

## Salaries & Related

	2016	2015	Change		
			\$	Total	Organic
Three Months Ended December 31,	\$ 1,309.4	\$ 1,235.1	\$ 74.3	6.0%	8.2%
<i>% of Revenue</i>	57.8%	56.2%			
Three months severance	\$ 14.0	\$ 22.1	\$ (8.1)	(36.7%)	
<i>% of Revenue</i>	0.6%	1.0%			
Twelve Months Ended December 31,	\$ 5,038.1	\$ 4,857.7	\$ 180.4	3.7%	5.7%
<i>% of Revenue</i>	64.2%	63.8%			
Twelve months severance	\$ 70.0	\$ 71.3	\$ (1.3)	(1.8%)	
<i>% of Revenue</i>	0.9%	0.9%			

## Office & General

	2016	2015	Change		
			\$	Total	Organic
Three Months Ended December 31,	\$ 470.0	\$ 504.7	\$ (34.7)	(6.9%)	(3.7%)
<i>% of Revenue</i>	20.8%	23.0%			
Three months occupancy expense (ex-D&A)	\$ 128.1	\$ 127.2	\$ 0.9	0.7%	
<i>% of Revenue</i>	5.7%	5.8%			
Twelve Months Ended December 31,	\$ 1,870.5	\$ 1,884.2	\$ (13.7)	(0.7%)	2.0%
<i>% of Revenue</i>	23.8%	24.7%			
Twelve months occupancy expense (ex-D&A)	\$ 507.1	\$ 481.6	\$ 25.5	5.3%	
<i>% of Revenue</i>	6.5%	6.3%			

Page 7 See reconciliations of organic measures on pages 20 and 21.

(\$ in Millions)



# Operating Margin

## Trailing Twelve Months



For the twelve months ended December 31, 2013, reported operating income of \$598.3 includes our Q4 2013 restructuring charge of \$60.6. Excluding this charge, adjusted operating income was \$658.9, and adjusted operating margin is represented in green.

# Adjusted Diluted Earnings Per Share

Three Months Ended December 31, 2016

	As Reported	Net Losses on Sales of Businesses <sup>(1)</sup>	Adoption of ASU 2016-09 <sup>(2)</sup>	U.S. Federal Tax Credits <sup>(3)</sup>	Adjusted Results
Income Before Income Taxes	\$ 441.1	\$ (25.3)			\$ 466.4
Provision for Income Taxes	106.1	2.0	\$ (0.1)	\$ 37.4	145.4
<b>Effective Tax Rate</b>	<b>24.1%</b>				<b>31.2%</b>
<b>Diluted EPS Components:</b>					
Net Income Available to IPG Common Stockholders	\$ 317.6	\$ (23.3)	\$ (0.1)	\$ 37.4	\$ 303.6
Weighted-Average Number of Common Shares Outstanding	405.2		1.0		404.2
<b>Earnings Per Share Available to IPG Common Stockholders</b>	<b>\$ 0.78</b>	<b>\$ (0.06)</b>	<b>\$ (0.00)</b>	<b>\$ 0.09</b>	<b>\$ 0.75</b>

<sup>(1)</sup> Includes losses on completed dispositions of businesses and the classification of certain assets as held for sale.

<sup>(2)</sup> In 2016 we early adopted Financial Accounting Standards Board Accounting Standards Update 2016-09.

<sup>(3)</sup> During Q4 2016, we recognized a benefit related to refunds to be claimed on future amended U.S. federal returns for tax years 2014 and 2015 primarily related to foreign tax credits and, to a lesser extent, research and development credits based on the conclusion of multi-year studies.

Page 9 See full reconciliations of adjusted diluted earnings per share on page 24.

(Amounts in Millions, except per share amounts)



# Adjusted Diluted Earnings Per Share

Twelve Months Ended December 31, 2016

	As Reported	Net Losses on Sales of Businesses <sup>(1)</sup>	Valuation Allowance Reversals <sup>(2)</sup>	Adoption of ASU 2016-09 <sup>(3)</sup>	Settlement of Certain Tax Positions <sup>(4)</sup>	U.S. Federal Tax Credits <sup>(5)</sup>	Adjusted Results
Income Before Income Taxes	\$ 830.2	\$ (41.4)					\$ 871.6
Provision for Income Taxes	198.0	2.4	\$ 12.2	\$ 10.4	\$ 23.4	\$ 44.6	291.0
<b>Effective Tax Rate</b>	<b>23.8%</b>						<b>33.4%</b>
<b>Diluted EPS Components:</b>							
Net Income Available to IPG Common Stockholders	\$ 608.5	\$ (39.0)	\$ 12.2	\$ 10.4	\$ 23.4	\$ 44.6	\$ 556.9
Weighted-Average Number of Common Shares Outstanding	408.0			1.0			407.0
<b>Earnings Per Share Available to IPG Common Stockholders</b>	<b>\$ 1.49</b>	<b>\$ (0.10)</b>	<b>\$ 0.03</b>	<b>\$ 0.03</b>	<b>\$ 0.06</b>	<b>\$ 0.11</b>	<b>\$ 1.37</b>

- (1) Includes losses on completed dispositions of businesses and the classification of certain assets as held for sale.  
(2) During Q1 2016, we recorded valuation allowance reversals as a consequence of the disposition of certain businesses in Continental Europe.  
(3) In 2016 we early adopted Financial Accounting Standards Board Accounting Standards Update 2016-09.  
(4) During Q2 2016, we released reserves related to the conclusion and settlement of a tax examination of previous tax years.  
(5) In 2016 we recognized a benefit related to refunds to be claimed on future amended U.S. federal returns for tax years 2014 and 2015 primarily related to foreign tax credits and, to a lesser extent, research and development credits based on the conclusion of multi-year studies.

Page 10 See full reconciliations of adjusted diluted earnings per share on page 25.

(Amounts in Millions, except per share amounts)



# Balance Sheet – Current Portion

	December 31, 2016	December 31, 2015
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,097.6	\$ 1,502.9
Marketable securities	3.0	6.8
Accounts receivable, net	4,389.7	4,361.0
Expenditures billable to clients	1,518.1	1,594.4
Assets held for sale	203.2	12.1
Other current assets	226.4	215.9
<b>Total current assets</b>	<b>\$ 7,438.0</b>	<b>\$ 7,693.1</b>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 6,303.6	\$ 6,689.2
Accrued liabilities	794.0	748.4
Short-term borrowings	85.7	132.9
Current portion of long-term debt <sup>(1)</sup>	323.9	1.9
Liabilities held for sale	198.8	11.9
<b>Total current liabilities</b>	<b>\$ 7,706.0</b>	<b>\$ 7,584.3</b>

Page 11 <sup>(1)</sup> Our 2.25% Senior Notes are due November 15, 2017.

(\$ in Millions)



# Cash Flow

	<u>Twelve Months Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
<b>NET INCOME</b>	\$ 633	\$ 481
<b>OPERATING ACTIVITIES</b>		
Depreciation & amortization	251	233
Deferred taxes	46	49
Non-cash loss on sales of businesses	41	50
Other non-cash items	52	35
Change in working capital, net	(414)	(99)
Change in other non-current assets & liabilities	(96)	(60)
<b>Net cash provided by Operating Activities</b>	<u>513</u>	<u>689</u>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(201)	(161)
Acquisitions, net of cash acquired	(52)	(29)
Other investing activities	(15)	(10)
<b>Net cash used in Investing Activities<sup>(1)</sup></b>	<u>(268)</u>	<u>(200)</u>
<b>FINANCING ACTIVITIES</b>		
Repurchase of common stock	(303)	(285)
Common stock dividends	(238)	(196)
Net (decrease) increase in short-term bank borrowings	(56)	52
Acquisition-related payments	(40)	(53)
Tax payments for employee shares withheld <sup>(2)</sup>	(23)	(18)
Distributions to noncontrolling interests	(14)	(16)
Excess tax benefit from share-based payment arrangements <sup>(2)</sup>	-	10
Exercise of stock options	10	14
Other financing activities	(2)	1
<b>Net cash used in Financing Activities</b>	<u>(666)</u>	<u>(491)</u>
Currency Effect	12	(156)
<b>Decrease in Cash &amp; S/T Marketable Securities</b>	<u>\$ (409)</u>	<u>\$ (158)</u>

<sup>(1)</sup> Excludes net purchases, sales and maturities of short-term marketable securities. See reconciliation on page 23.

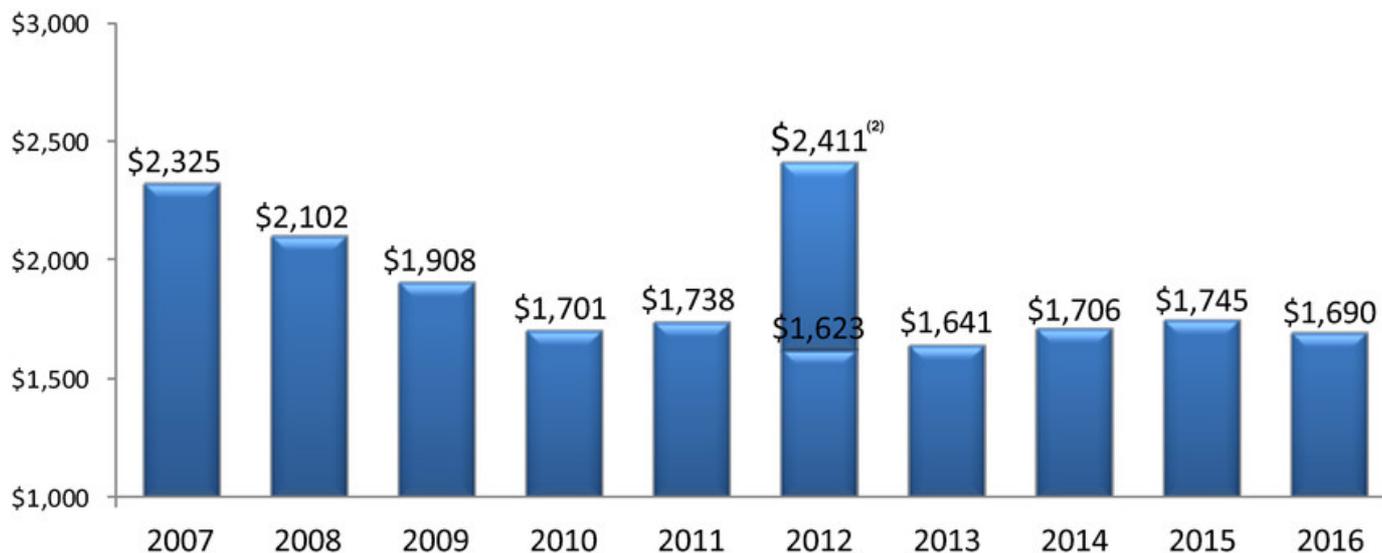
<sup>(2)</sup> As part of the adoption of FASB ASU 2016-09, we have reclassified the tax payments for employee shares withheld balance into Financing Activities in both periods presented. This amount was previously included in Change in working capital, net in Operating Activities. Additionally, the excess tax benefit from share-based payment arrangements amount is now reflected within Net Income for Q4 2016, as prospective adoption was required.

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# Total Debt <sup>(1)</sup>

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December 31,



<sup>(1)</sup> Includes current portion of long-term debt, short-term borrowings and long-term debt.

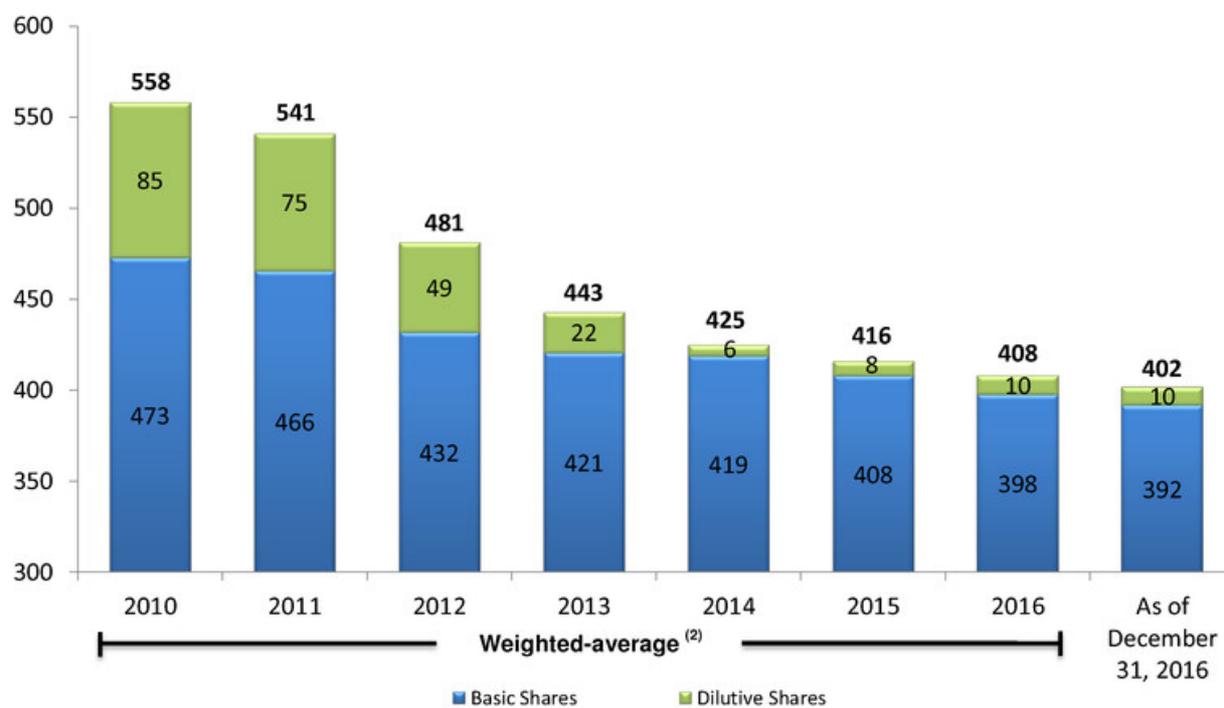
<sup>(2)</sup> Includes our November 2012 debt issuances of \$800 aggregate principal amount of Senior Notes, which pre-funded our plan to redeem a similar amount of debt in 2013.

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(\$ in Millions)



# Total Shares: Basic and Eligible for Dilution <sup>(1)</sup>



<sup>(1)</sup> Includes basic common shares outstanding, restricted shares and in-the-money stock options, and convertible debt and preferred stock eligible for dilution.

<sup>(2)</sup> Equals weighted-average shares outstanding as defined above for the twelve months ending December 31st for the periods presented.

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# Summary

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- Organic revenue growth at the high-end of our increased growth target along with strong operating margin expansion
- Continuing traction from key strategic initiatives
  - Quality of our agency offerings, creative talent, embedded and specialty digital, and “open architecture” solutions
  - Strength in high-growth disciplines and largest regions
  - Effective expense management
- Focus on additional margin improvement
- Financial strength continues to be a source of value creation
  - Increased dividend
  - New share repurchase authorization



Interpublic Group

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# Appendix

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# Operating Performance

	Twelve Months Ended December 31,	
	2016	2015
<i>Revenue</i>	\$ 7,846.6	\$ 7,613.8
Salaries and Related Expenses	5,038.1	4,857.7
Office and General Expenses	1,870.5	1,884.2
<i>Operating Income</i>	938.0	871.9
Interest Expense	(90.6)	(85.8)
Interest Income	20.1	22.8
Other Expense, net	(37.3)	(46.7)
<i>Income Before Income Taxes</i>	830.2	762.2
Provision for Income Taxes	198.0	282.8
Equity in Net Income of Unconsolidated Affiliates	0.3	1.1
<i>Net Income</i>	632.5	480.5
Net Income Attributable to Noncontrolling Interests	(24.0)	(25.9)
<i>Net Income Available to IPG Common Stockholders</i>	\$ 608.5	\$ 454.6
<i>Earnings per Share Available to IPG Common Stockholders:</i>		
Basic	\$ 1.53	\$ 1.11
Diluted	\$ 1.49	\$ 1.09
<i>Weighted-Average Number of Common Shares Outstanding:</i>		
Basic	397.9	408.1
Diluted	408.0	415.7
<i>Dividends Declared per Common Share</i>	\$ 0.60	\$ 0.48

# Cash Flow

	Three Months Ended December 31,	
	2016	2015
<b>NET INCOME</b>	\$ 337	\$ 283
<b>OPERATING ACTIVITIES</b>		
Depreciation & amortization	71	63
Deferred taxes	43	83
Non-cash loss on sales of businesses	25	12
Other non-cash items	9	9
Change in working capital, net	78	484
Change in other non-current assets & liabilities	(22)	(8)
<b>Net cash provided by Operating Activities</b>	<b>541</b>	<b>926</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(87)	(80)
Acquisitions, net of cash acquired	(4)	(23)
Other investing activities	(6)	(9)
<b>Net cash used in Investing Activities</b>	<b>(97)</b>	<b>(112)</b>
<b>FINANCING ACTIVITIES</b>		
Repurchase of common stock	(110)	(113)
Common stock dividends	(59)	(49)
Net (decrease) increase in short-term bank borrowings	(22)	27
Acquisition-related payments	(4)	(21)
Distributions to noncontrolling interests	(3)	(3)
Exercise of stock options	-	2
Other financing activities	(1)	(1)
<b>Net cash used in Financing Activities</b>	<b>(199)</b>	<b>(158)</b>
Currency Effect	(39)	(28)
<b>Increase in Cash &amp; S/T Marketable Securities</b>	<b>\$ 206</b>	<b>\$ 628</b>

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(\$ in Millions)



# Depreciation and Amortization

	2016				
	Q1	Q2	Q3	Q4	FY 2016
Depreciation and amortization of fixed assets and intangible assets	\$ 38.0	\$ 39.8	\$ 39.7	\$ 42.7	\$ 160.2
Amortization of restricted stock and other non-cash compensation	23.1	16.8	19.1	26.6	85.6
Net amortization of bond discounts and deferred financing costs	1.4	1.4	1.4	1.4	5.6
	2015				
	Q1	Q2	Q3	Q4	FY 2015
Depreciation and amortization of fixed assets and intangible assets	\$ 38.7	\$ 39.5	\$ 38.1	\$ 40.7	\$ 157.0
Amortization of restricted stock and other non-cash compensation	16.8	16.4	16.5	20.6	70.3
Net amortization of bond discounts and deferred financing costs	1.4	1.4	1.4	1.6	5.8

# Reconciliation of Organic Measures

	Three Months Ended December 31, 2015	Components of Change			Three Months Ended December 31, 2016	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
<b>Segment Revenue</b>							
IAN	\$ 1,793.6	\$ (32.3)	\$ (15.8)	\$ 120.1	\$ 1,865.6	6.7%	4.0%
CMG	402.6	(11.5)	11.3	(3.5)	398.9	(0.9%)	(0.9%)
<b>Total</b>	<b>\$ 2,196.2</b>	<b>\$ (43.8)</b>	<b>\$ (4.5)</b>	<b>\$ 116.6</b>	<b>\$ 2,264.5</b>	<b>5.3%</b>	<b>3.1%</b>
<b>Geographic</b>							
<b>United States</b>	\$ 1,221.1	\$ -	\$ (2.7)	\$ 40.2	\$ 1,258.6	3.3%	3.1%
<b>International</b>	\$ 975.1	(43.8)	(1.8)	76.4	1,005.9	7.8%	3.2%
United Kingdom	200.7	(34.7)	10.9	23.5	200.4	11.7%	(0.1%)
Continental Europe	222.4	(4.2)	(11.1)	24.6	231.7	11.1%	4.2%
Asia Pacific	280.5	1.5	2.3	21.0	305.3	7.5%	8.8%
Latin America	117.8	(3.0)	(3.7)	5.9	117.0	5.0%	(0.7%)
All Other Markets	153.7	(3.4)	(0.2)	1.4	151.5	0.9%	(1.4%)
<b>Worldwide</b>	<b>\$ 2,196.2</b>	<b>\$ (43.8)</b>	<b>\$ (4.5)</b>	<b>\$ 116.6</b>	<b>\$ 2,264.5</b>	<b>5.3%</b>	<b>3.1%</b>
<b>Expenses</b>							
Salaries & Related	\$ 1,235.1	\$ (23.6)	\$ (3.2)	\$ 101.1	\$ 1,309.4	8.2%	6.0%
Office & General	504.7	(10.6)	(5.4)	(18.7)	470.0	(3.7%)	(6.9%)
<b>Total</b>	<b>\$ 1,739.8</b>	<b>\$ (34.2)</b>	<b>\$ (8.6)</b>	<b>\$ 82.4</b>	<b>\$ 1,779.4</b>	<b>4.7%</b>	<b>2.3%</b>

# Reconciliation of Organic Measures

	Twelve Months Ended December 31, 2015	Components of Change			Twelve Months Ended December 31, 2016	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
<b>Segment Revenue</b>							
IAN	\$ 6,144.9	\$ (128.8)	\$ (21.7)	\$ 324.5	\$ 6,318.9	5.3%	2.8%
CMG	1,468.9	(30.9)	37.0	52.7	1,527.7	3.6%	4.0%
<b>Total</b>	<b>\$ 7,613.8</b>	<b>\$ (159.7)</b>	<b>\$ 15.3</b>	<b>\$ 377.2</b>	<b>\$ 7,846.6</b>	<b>5.0%</b>	<b>3.1%</b>
<b>Geographic</b>							
<b>United States</b>	\$ 4,475.5	\$ -	\$ 14.2	\$ 195.1	\$ 4,684.8	4.4%	4.7%
<b>International</b>	<b>3,138.3</b>	<b>(159.7)</b>	<b>1.1</b>	<b>182.1</b>	<b>3,161.8</b>	<b>5.8%</b>	<b>0.7%</b>
United Kingdom	687.7	(77.8)	27.6	58.2	695.7	8.5%	1.2%
Continental Europe	697.2	(8.1)	(29.2)	39.9	699.8	5.7%	0.4%
Asia Pacific	916.9	(13.4)	3.8	15.7	923.0	1.7%	0.7%
Latin America	383.5	(43.5)	(14.0)	46.7	372.7	12.2%	(2.8%)
All Other Markets	453.0	(16.9)	12.9	21.6	470.6	4.8%	3.9%
<b>Worldwide</b>	<b>\$ 7,613.8</b>	<b>\$ (159.7)</b>	<b>\$ 15.3</b>	<b>\$ 377.2</b>	<b>\$ 7,846.6</b>	<b>5.0%</b>	<b>3.1%</b>
<b>Expenses</b>							
Salaries & Related	\$ 4,857.7	\$ (99.7)	\$ 2.2	\$ 277.9	\$ 5,038.1	5.7%	3.7%
Office & General	1,884.2	(43.6)	(8.7)	38.6	1,870.5	2.0%	(0.7%)
<b>Total</b>	<b>\$ 6,741.9</b>	<b>\$ (143.3)</b>	<b>\$ (6.5)</b>	<b>\$ 316.5</b>	<b>\$ 6,908.6</b>	<b>4.7%</b>	<b>2.5%</b>

# Reconciliation of Organic Revenue Growth

Last Twelve Months Ending	Beginning of Period Revenue	Components of Change During the Period			End of Period Revenue
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic	
12/31/05	\$ 6,387.0	\$ 40.4	\$ (107.4)	\$ (56.2)	\$ 6,263.8
3/31/06	6,323.8	(10.9)	(132.6)	81.5	6,261.8
6/30/06	6,418.4	(8.8)	(157.5)	(68.5)	6,183.6
9/30/06	6,335.9	(13.9)	(140.4)	15.6	6,197.2
12/31/06	6,263.8	20.7	(165.5)	57.8	6,176.8
3/31/07	6,261.8	78.4	(147.2)	16.0	6,209.0
6/30/07	6,183.6	102.4	(124.7)	166.6	6,327.9
9/30/07	6,197.2	137.3	(110.9)	209.2	6,432.8
12/31/07	6,176.8	197.5	(70.7)	233.1	6,536.7
3/31/08	6,209.0	217.8	(45.9)	280.6	6,661.5
6/30/08	6,327.9	244.8	(12.6)	282.4	6,842.5
9/30/08	6,432.8	237.4	32.8	317.2	7,020.2
12/31/08	6,536.7	71.5	87.6	243.0	6,938.8
3/31/09	6,661.5	(88.3)	114.7	91.9	6,779.8
6/30/09	6,842.5	(286.2)	139.2	(275.3)	6,420.2
9/30/09	7,020.2	(390.1)	115.2	(636.4)	6,108.9
12/31/09	6,938.8	(251.6)	69.1	(748.9)	6,007.4
3/31/10	6,779.8	(88.2)	36.0	(705.4)	6,022.2
6/30/10	6,420.2	59.1	2.0	(316.9)	6,164.4
9/30/10	6,108.9	117.7	9.6	60.1	6,296.3
12/31/10	6,007.4	63.3	17.0	419.6	6,507.3
3/31/11	6,022.2	21.0	18.2	583.7	6,645.1
6/30/11	6,164.4	61.5	12.4	535.8	6,774.1
9/30/11	6,296.3	119.1	(7.7)	539.5	6,947.2
12/31/11	6,507.3	122.2	(8.6)	393.7	7,014.6
3/31/12	6,645.1	92.9	(1.4)	310.0	7,046.6
6/30/12	6,774.1	(14.3)	14.5	247.3	7,021.6
9/30/12	6,947.2	(117.2)	39.7	95.8	6,965.5
12/31/12	7,014.6	(147.6)	41.8	47.4	6,956.2
3/31/13	7,046.6	(143.7)	48.2	41.3	6,992.4
6/30/13	7,021.6	(111.4)	56.9	65.8	7,032.9
9/30/13	6,965.5	(80.3)	49.5	128.2	7,062.9
12/31/13	6,956.2	(80.4)	50.3	196.2	7,122.3
3/31/14	6,992.4	(89.9)	51.2	263.1	7,216.8
6/30/14	7,032.9	(80.6)	51.6	308.1	7,312.0
9/30/14	7,062.9	(53.5)	74.3	369.0	7,452.7
12/31/14	7,122.3	(75.5)	95.3	395.0	7,537.1
3/31/15	7,216.8	(125.7)	98.4	386.1	7,575.6
6/30/15	7,312.0	(223.5)	85.3	426.5	7,600.3
9/30/15	7,452.7	(336.2)	58.3	449.9	7,624.7
12/31/15	7,537.1	(408.5)	23.7	461.5	7,613.8
3/31/16	7,575.6	(388.5)	11.9	480.8	7,679.8
6/30/16	7,600.3	(315.6)	10.8	426.1	7,721.6
9/30/16	7,624.7	(237.5)	16.4	374.7	7,778.3
12/31/16	7,613.8	(159.7)	15.3	377.2	7,846.6

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# Reconciliation of Investing Cash Flow

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	<b>Twelve Months Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>INVESTING ACTIVITIES</b>		
Net cash used in Investing Activities per presentation	\$ (268)	\$ (200)
Net purchases, sales and maturities of short-term marketable securities, net	4	-
<b>Net cash used in Investing Activities as reported</b>	<b>\$ (264)</b>	<b>\$ (200)</b>

# Reconciliation of Adjusted Results <sup>(1)</sup>

	Three Months Ended December 31, 2016				
	As Reported	Net Losses on Sales of Businesses	Adoption of ASU 2016-09	U.S. Federal Tax Credits	Adjusted Results
Income Before Income Taxes	\$ 441.1	\$ (25.3)			\$ 466.4
Provision for Income Taxes	106.1	2.0	\$ (0.1)	\$ 37.4	145.4
<b>Effective Tax Rate</b>	<b>24.1%</b>				<b>31.2%</b>
Equity in Net Income of Unconsolidated Affiliates	1.9				1.9
Net Income Attributable to Noncontrolling Interests	(19.3)				(19.3)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 317.6</b>	<b>\$ (23.3)</b>	<b>\$ (0.1)</b>	<b>\$ 37.4</b>	<b>\$ 303.6</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	<b>393.5</b>				<b>393.5</b>
Add: Effect of Dilutive Securities					
Restricted Stock, Stock Options and Other Equity Awards	11.7		1.0		10.7
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>405.2</b>		<b>1.0</b>		<b>404.2</b>
<b>Earnings Per Share Available to IPG Common Stockholders - Basic</b>	<b>\$ 0.81</b>	<b>\$ (0.06)</b>	<b>\$ (0.00)</b>	<b>\$ 0.10</b>	<b>\$ 0.77</b>
<b>Earnings Per Share Available to IPG Common Stockholders - Diluted</b>	<b>\$ 0.78</b>	<b>\$ (0.06)</b>	<b>\$ (0.00)</b>	<b>\$ 0.09</b>	<b>\$ 0.75</b>

(1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the net losses on sales of businesses, the effect of the adoption of ASU 2016-09, and a benefit related to refunds to be claimed on future amended U.S. federal returns for tax years 2014 and 2015 primarily related to foreign tax credits and, to a lesser extent, research and development credits based on the conclusion of multi-year studies. Management believes the resulting comparisons provide useful supplemental data that, while not a substitute for GAAP measures, allow for greater transparency in the review of our financial and operational performance.

# Reconciliation of Adjusted Results <sup>(1)</sup>

	Twelve Months Ended December 31, 2016						
	As Reported	Net Losses on Sales of Businesses	Valuation Allowance Reversals	Adoption of ASU 2016-09	Settlement of Certain Tax Positions	U.S. Federal Tax Credits	Adjusted Results
Income Before Income Taxes	\$ 830.2	\$ (41.4)					\$ 871.6
Provision for Income Taxes	198.0	2.4	\$ 12.2	\$ 10.4	\$ 23.4	\$ 44.6	291.0
<b>Effective Tax Rate</b>	<b>23.8%</b>						<b>33.4%</b>
Equity in Net Income of Unconsolidated Affiliates	0.3						0.3
Net Income Attributable to Noncontrolling Interests	(24.0)						(24.0)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 608.5</b>	<b>\$ (39.0)</b>	<b>\$ 12.2</b>	<b>\$ 10.4</b>	<b>\$ 23.4</b>	<b>\$ 44.6</b>	<b>\$ 556.9</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	397.9						397.9
Add: Effect of Dilutive Securities							
Restricted Stock, Stock Options and Other Equity Awards	10.1			1.0			9.1
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>408.0</b>			<b>1.0</b>			<b>407.0</b>
<b>Earnings Per Share Available to IPG Common Stockholders - Basic</b>	<b>\$ 1.53</b>	<b>\$ (0.10)</b>	<b>\$ 0.03</b>	<b>\$ 0.03</b>	<b>\$ 0.06</b>	<b>\$ 0.11</b>	<b>\$ 1.40</b>
<b>Earnings Per Share Available to IPG Common Stockholders - Diluted</b>	<b>\$ 1.49</b>	<b>\$ (0.10)</b>	<b>\$ 0.03</b>	<b>\$ 0.03</b>	<b>\$ 0.06</b>	<b>\$ 0.11</b>	<b>\$ 1.37</b>

(1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the net losses on sales of businesses, valuation allowance reversals as a result of the disposition of businesses in Continental Europe, the effect of the adoption of ASU 2016-09, the release of reserves related to the conclusion and settlement of a tax examination of previous tax years, and a benefit related to refunds to be claimed on future amended U.S. federal returns for tax years 2014 and 2015 primarily related to foreign tax credits and, to a lesser extent, research and development credits based on the conclusion of multi-year studies. Management believes the resulting comparisons provide useful supplemental data that, while not a substitute for GAAP measures, allow for greater transparency in the review of our financial and operational performance.

# Reconciliation of Adjusted Results <sup>(1)</sup>

	Three Months Ended December 31, 2015			Twelve Months Ended December 31, 2015		
	As Reported	Loss on Sales of Businesses	Adjusted Results	As Reported	Loss on Sales of Businesses	Adjusted Results
Income Before Income Taxes	\$ 427.8	\$ (12.0)	\$ 439.8	\$ 762.2	\$ (50.0)	\$ 812.2
Provision for Income Taxes	145.4	0.2	145.6	282.8	2.9	285.7
<b>Effective Tax Rate</b>	<b>34.0%</b>		<b>33.1%</b>	<b>37.1%</b>		<b>35.2%</b>
Equity in Net Income of Unconsolidated Affiliates	0.5		0.5	1.1		1.1
Net Income Attributable to Noncontrolling Interests	(22.6)		(22.6)	(25.9)		(25.9)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 260.3</b>	<b>\$ (11.8)</b>	<b>\$ 272.1</b>	<b>\$ 454.6</b>	<b>\$ (47.1)</b>	<b>\$ 501.7</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	403.4		403.4	408.1		408.1
Add: Effect of Dilutive Securities						
Restricted Stock, Stock Options and Other Equity Awards	8.9		8.9	7.6		7.6
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>412.3</b>		<b>412.3</b>	<b>415.7</b>		<b>415.7</b>
<b>Earnings Per Share Available to IPG Common Stockholders - Basic</b>	<b>\$ 0.65</b>	<b>\$ (0.03)</b>	<b>\$ 0.67</b>	<b>\$ 1.11</b>	<b>\$ (0.12)</b>	<b>\$ 1.23</b>
<b>Earnings Per Share Available to IPG Common Stockholders - Diluted</b>	<b>\$ 0.63</b>	<b>\$ (0.03)</b>	<b>\$ 0.66</b>	<b>\$ 1.09</b>	<b>\$ (0.12)</b>	<b>\$ 1.21</b>

(1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the losses on sales of businesses in our international markets, primarily in Latin America and Continental Europe. This amount includes losses on completed dispositions and the classification of certain assets as held for sale during the third and fourth quarters of 2015. Management believes the resulting comparisons provide useful supplemental data that, while not a substitute for GAAP measures, allow for greater transparency in the review of our financial and operational performance.

# Acquisition Payment Obligations (1)



(1) Amounts represent payments related to our previous acquisitions. Amounts include deferred payments and payments we may be required to make in connection with our redeemable noncontrolling interests and call options with affiliates. With respect to redeemable noncontrolling interests and call options with affiliates, these estimated payment amounts are shown as an obligation in the earliest year in which they are exercisable, though some are eligible for exercise in multiple years. The payment amounts are based on current estimates of financial performance and are subject to change.

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(2) 2016 payments include \$19 recorded within Operating Activities in our Statement of Cash Flows.

(\$ in Millions)





Interpublic Group

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# Metrics Update

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# Metrics Update

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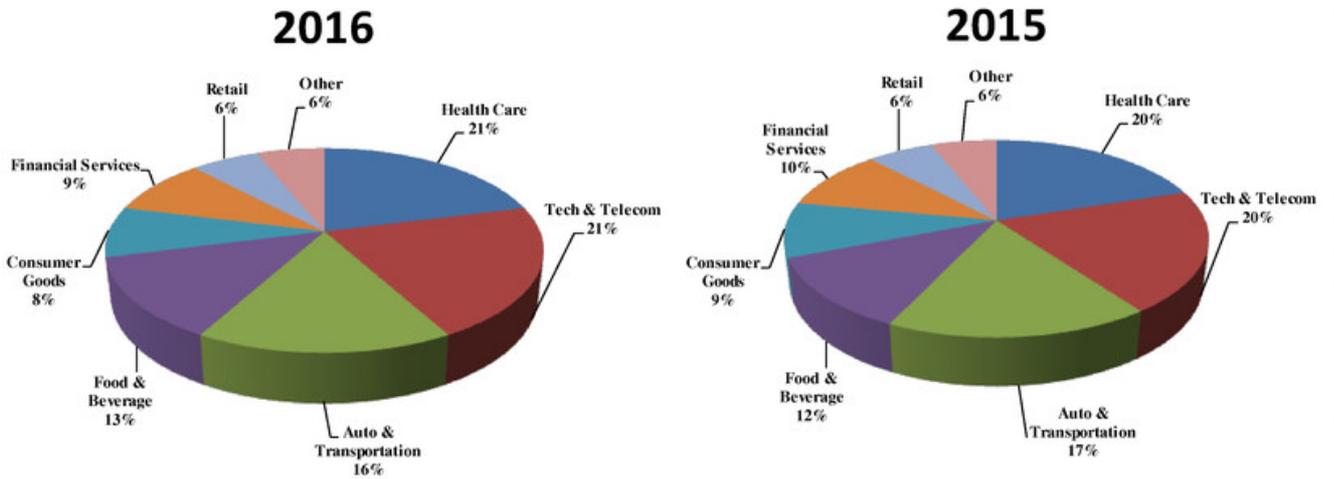
<b>Category</b>	<b>Metric</b>
REVENUE	By Client Sector
SALARIES & RELATED (% of revenue)	Twelve Months Ended Base, Benefits & Tax Incentive Expense Severance Expense Temporary Help
OFFICE & GENERAL (% of revenue)	Twelve Months Ended Professional Fees Occupancy Expense (ex-D&A) T&E, Office Supplies & Telecom All Other O&G
REAL ESTATE	Total Square Feet
FINANCIAL	Available Liquidity \$1.0 Billion 5-Year Credit Facility Covenants

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# Revenue By Client Sector

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## Top 100 Clients for the twelve months ended December 31



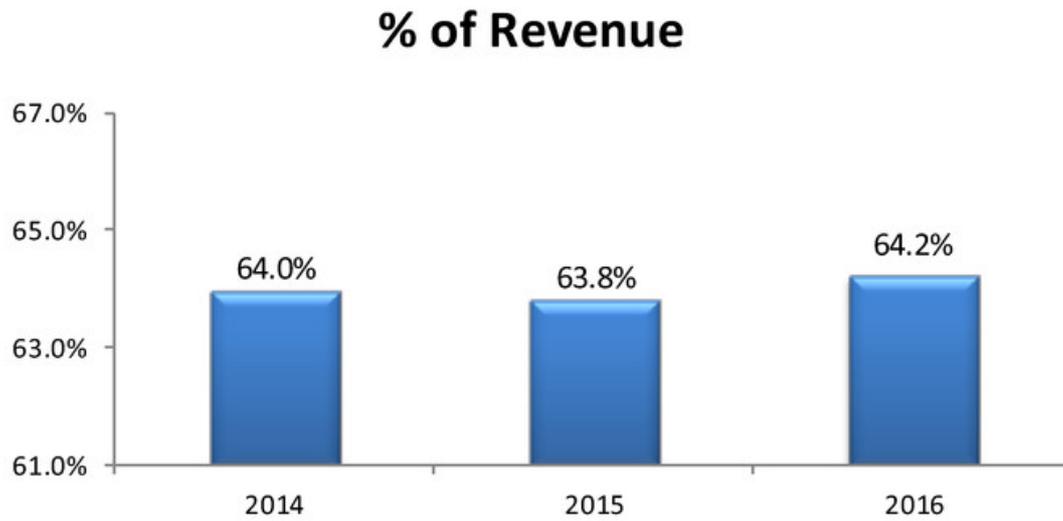
Approximately 55% of consolidated revenue

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# Salaries & Related Expenses

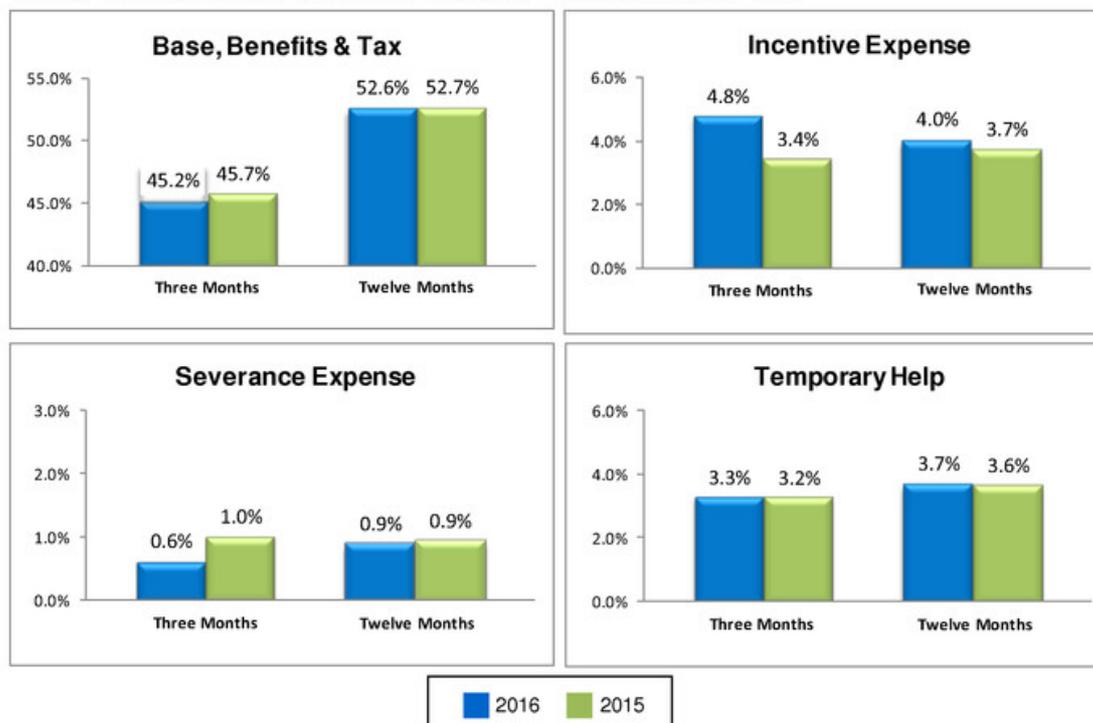
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Twelve Months Ended December 31



# Salaries & Related Expenses (% of Revenue)

## Three and Twelve Months Ended December 31



Page 32 "All Other Salaries & Related," not shown, was 3.9% and 2.9% for the three months ended December 31, 2016 and 2015, respectively, and 3.0% and 2.9% for the twelve months ended December 31, 2016 and 2015, respectively.

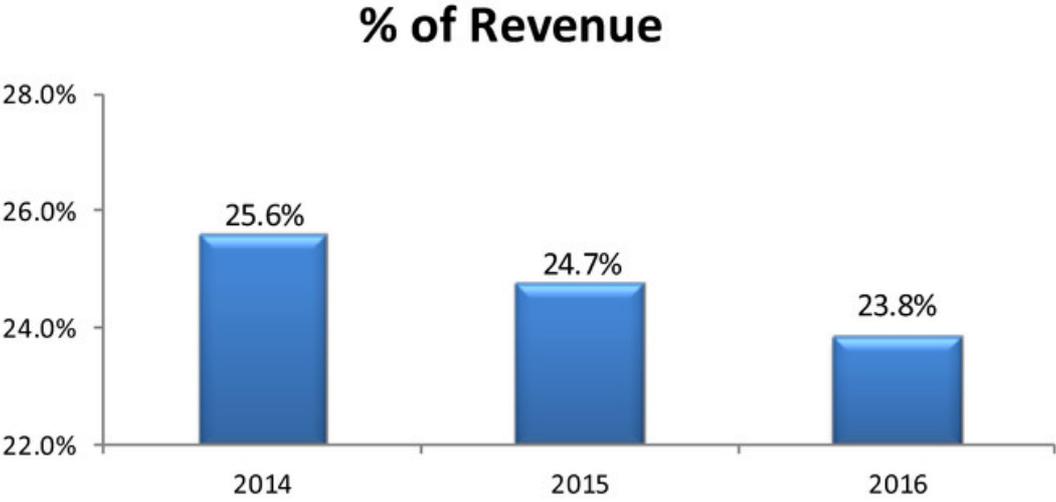


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# Office & General Expenses

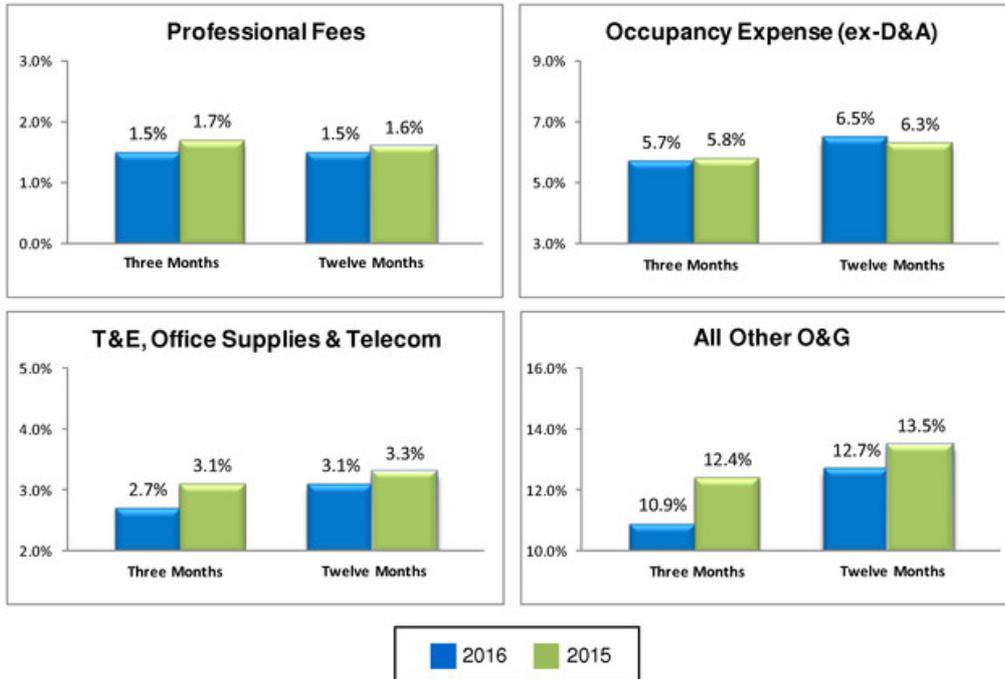
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Twelve Months Ended December 31



# Office & General Expenses (% of Revenue)

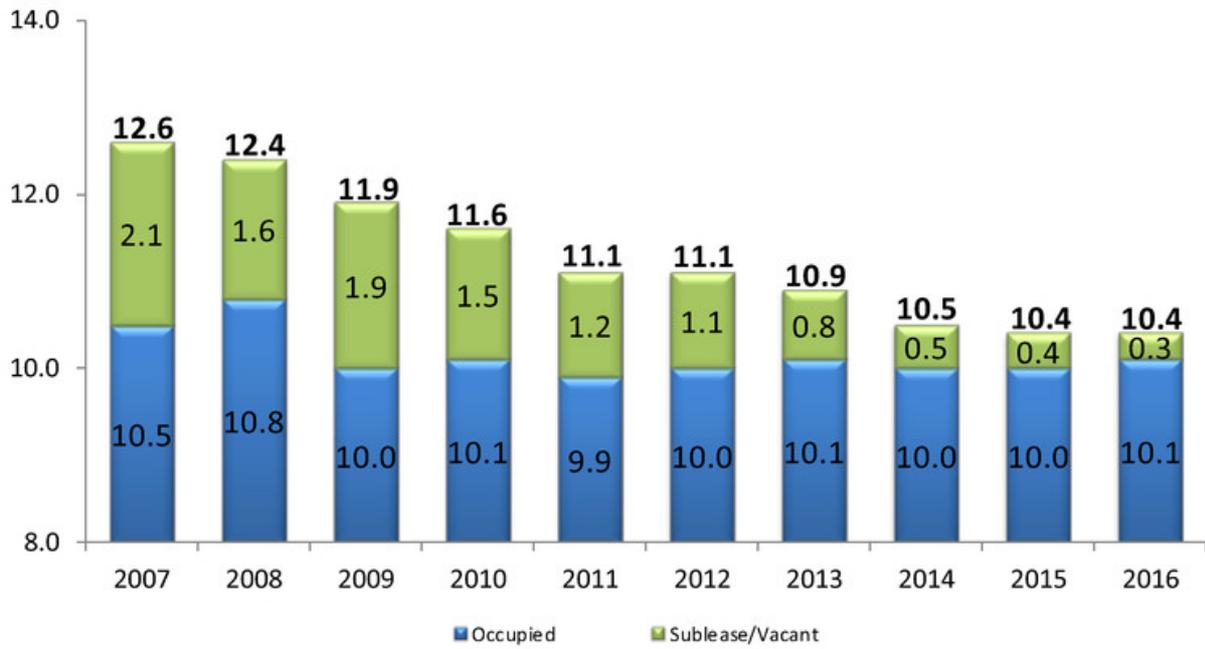
## Three and Twelve Months Ended December 31



"All Other O&G" primarily includes production expenses and, to a lesser extent, depreciation and amortization, bad debt expense, adjustments to contingent acquisition obligations, foreign currency losses (gains), spending to support new business activity, net restructuring and other reorganization-related charges (reversals), long-lived asset impairments and other expenses.

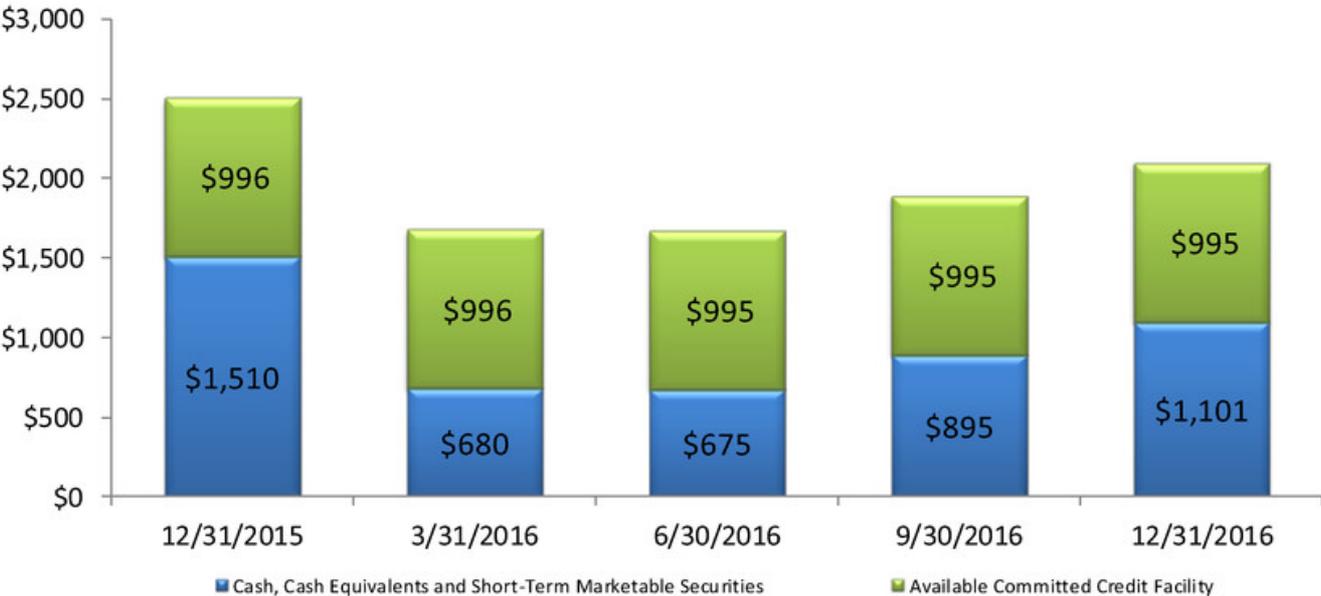
# Real Estate

## Total Square Feet as of December 31,



# Available Liquidity

## Cash, Cash Equivalents and Short-Term Marketable Securities + Available Committed Credit Facility



# \$1.0 Billion 5-Year Credit Facility Covenants

<u>Covenants</u>	<u>Twelve Months Ending December 31, 2016</u>
I. Interest Coverage Ratio (not less than):	5.00x
Actual Interest Coverage Ratio:	18.53x
II. Leverage Ratio (not greater than):	3.50x
Actual Leverage Ratio:	1.43x
<u>Interest Coverage Ratio - Interest Expense Reconciliation</u>	<u>Twelve Months Ending December 31, 2016</u>
Interest Expense:	\$90.6
- Interest income	20.1
- Other	6.6
Net interest expense <sup>(1)</sup> :	<u>\$63.9</u>
<u>EBITDA Reconciliation</u>	<u>Twelve Months Ending December 31, 2016</u>
Operating Income:	\$938.0
+ Depreciation and amortization	245.8
EBITDA <sup>(1)</sup> :	<u>\$1,183.8</u>

Page 37 <sup>(1)</sup> Calculated as defined in the Credit Agreement.

(\$ in Millions)



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# Cautionary Statement

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This investor presentation contains forward-looking statements. Statements in this investor presentation that are not historical facts, including statements about management's beliefs and expectations, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined in our most recent Annual Report on Form 10-K under Item 1A, Risk Factors. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, the following:

- potential effects of a challenging economy, for example, on the demand for our advertising and marketing services, on our clients' financial condition and on our business or financial condition;
- our ability to attract new clients and retain existing clients;
- our ability to retain and attract key employees;
- risks associated with assumptions we make in connection with our critical accounting estimates, including changes in assumptions associated with any effects of a weakened economy;
- potential adverse effects if we are required to recognize impairment charges or other adverse accounting-related developments;
- risks associated with the effects of global, national and regional economic and political conditions, including counterparty risks and fluctuations in economic growth rates, interest rates and currency exchange rates; and
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world.

Investors should carefully consider these factors and the additional risk factors outlined in more detail in our most recent Annual Report on Form 10-K under Item 1A, Risk Factors.

