

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

FORM 8-K

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

Date of report (Date of earliest event reported): April 23, 2018

The Interpublic Group of Companies, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware

1-6686

13-1024020

(State or Other Jurisdiction  
of Incorporation)

(Commission File  
Number)

(IRS Employer  
Identification No.)

909 Third Avenue, New York, New York

10022

(Address of Principal Executive Offices)

(Zip Code)

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

(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 7.01. Regulation FD Disclosure.**

Beginning January 1, 2018, The Interpublic Group of Companies, Inc. and subsidiaries (the "Company") has adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, ("ASC 606") using the full retrospective method. This adoption method requires the Company to restate each prior reporting period presented consistent with ASC 606 in future filings. The Company has also revised the presentation of its Consolidated Statements of Operations. The Company is furnishing this Form 8-K under Regulation FD to present selected unaudited data from the Company's previously reported financial information for the year ended December 31, 2017 on a basis consistent with the standard and presented in the Company's new format. Beginning with the quarter ending March 31, 2018, the Company's financial information will reflect the adoption of ASC 606 and the new presentation, with prior periods adjusted accordingly. The information presented in this Form 8-K is being furnished, not filed, under Item 7.01 of Form 8-K.

**Revenue from Contracts with Customers**

In May 2014, the Financial Accounting Standards Board ("FASB") issued a new standard related to revenue recognition which requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Adoption of ASC 606 did not have a material impact on the Company's reported operating income or net income. The most significant impact of ASC 606 relates to an increase in third party costs included in both revenue and costs, primarily in connection with our events businesses, which has no impact on operating income, net income or cash flows. ASC 606 also accelerates the recognition of revenue, primarily as a result of estimating variable consideration, impacting the timing of revenue recognition between quarters, but also, to a lesser extent, the amount of annual revenue recognized. Adoption of ASC 606 did not have a material impact on other line items within the Consolidated Statements of Operations, Consolidated Balance Sheets or Consolidated Statements of Cash Flows.

**Consolidated Statements of Operations**

The Company has revised the new presentation of its Consolidated Statements of Operations, which disaggregates net revenue and billable expenses within total revenue and separately presents cost of services; selling, general and administrative expenses; and depreciation and amortization within operating expenses. The revised presentation does not impact total revenue, operating expenses or operating income.

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

[Exhibit 99.1](#): Supplemental Investor Information- New Revenue Accounting Standard ASC 606 and Income Statement Format

**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: April 23, 2018

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Andrew Bonzani

Name: Andrew Bonzani

Title: Senior Vice President, General Counsel and Secretary



Interpublic Group

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**New Revenue Accounting Standard ASC 606  
and Income Statement Format**

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April 23, 2018

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# **I. New Revenue Accounting Standard ASC 606**

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## Adoption of ASC 606 Effective January 1, 2018

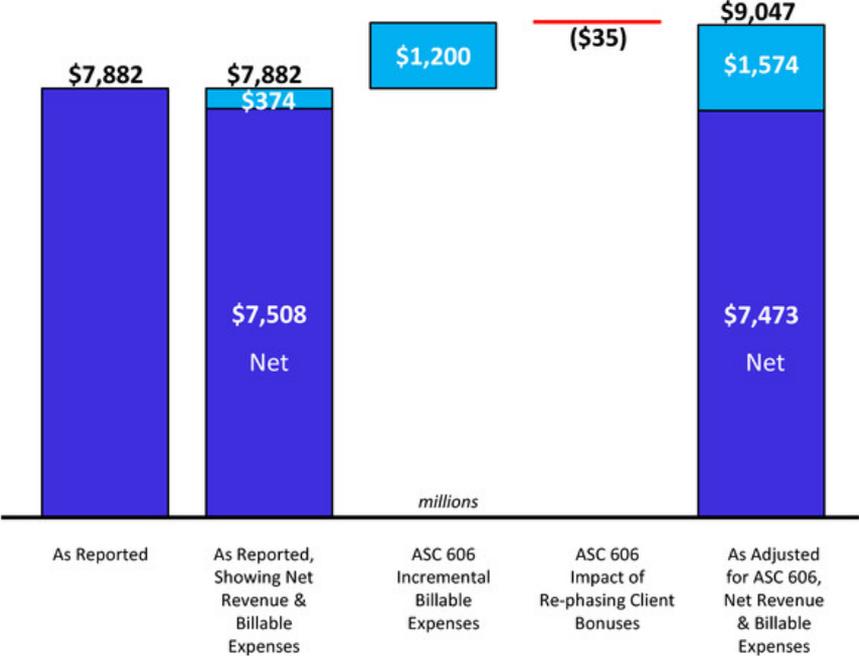
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| No Change to Our Model for Value Creation  | Impact on Income Statement & Performance Metrics  |
|--|---|
| <ul style="list-style-type: none"><li>• Management priorities and incentives continue to focus on organic growth and margin expansion</li><li>• <b>No change to client relationships and services</b></li><li>• No change to cash flow</li><li>• <b>No material change to annual operating profit, pre-tax income, and EPS</b></li><li>• No change to 2018 operating income target, consistent with the range targeted earlier this year</li></ul> | <ul style="list-style-type: none"><li>• Increased pass-through revenue and expense, dollar-for-dollar, which does not change operating profit. Increases occur in our marketing and integrated agency services, but not in media services.</li><li>• <b>Additional disclosure of our net revenue and billable expenses</b></li><li>• Key metrics will track organic growth of net revenue and operating margin on net revenue, due to billable expense volatility</li><li>• <b>Earlier recognition of some revenue and profit, as the work is performed, mainly for a portion of client performance bonuses</b></li></ul> |

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Based on Preliminary and Unaudited 2017 Restatement

# FY 2017 Revenue Restatement Bridge



Based on Preliminary and Unaudited 2017 Restatement



# FY 2017 Operating Income Adjusted for ASC 606

IPG WW - Twelve Months Ended December 31, 2017

millions, except per share amounts

|  | As Reported | As Reported,<br>Showing Net<br>Revenue &<br>Billable Expenses | ASC 606<br>Adjustments | As Adjusted for<br>ASC 606 |
|--|-------------|---|------------------------|----------------------------|
| <b>REVENUE:</b>                        |             |   |                        |                            |
| Net Revenue                            |             | \$ 7,508.7  | \$ (35.2)              | \$ 7,473.5                 |
| Billable Expenses (Revenue)            |             | 373.7   | 1,200.4                | 1,574.1                    |
| Total Revenue                          | \$ 7,882.4  | 7,882.4   | 1,165.2                | 9,047.6                    |
| <b>OPERATING EXPENSES:</b>             |             |   |                        |                            |
| Salary and Related Expenses            | 5,068.1     | 5,068.1   |                        | 5,068.1                    |
| Office and General Expenses            | 1,840.7     | 1,467.0   |                        | 1,467.0                    |
| Billable Expenses                      |             | 373.7   | 1,200.4                | 1,574.1                    |
| Total operating expenses               | 6,908.8     | 6,908.8   |                        | 8,109.2                    |
| <b>OPERATING INCOME</b>                | 973.6       | 973.6   | (35.2)                 | 938.4                      |
| <i>Operating Margin, Gross Revenue</i> | 12.4%       |   |                        |                            |
| <i>Operating Margin, Net Revenue</i>   |             | 13.0%   |                        | 12.6%                      |



# FY 2017 Non-Operating Adjusted for ASC 606

## IPG WW - Twelve Months Ended December 31, 2017

millions, except per share amounts

preliminary and unaudited restatement

|  | As Reported    | As Reported,<br>Showing Net<br>Revenue &<br>Billable Expenses | ASC 606<br>Adjustments | As Adjusted for<br>ASC 606 |
|--|----------------|---|------------------------|----------------------------|
| <b>EXPENSES AND OTHER INCOME:</b>  |                |   |                        |                            |
| Interest Expense   | (90.8)         | (90.8)  |                        | (90.8)                     |
| Interest Income  | 19.4           | 19.4  |                        | 19.4                       |
| Other Expense, net   | (26.2)         | (26.2)  |                        | (26.2)                     |
| Total (expenses) and other income  | (97.6)         | (97.6)  |                        | (97.6)                     |
| <b>Income before income taxes</b>  | 876.0          | 876.0   | (35.2)                 | 840.8                      |
| Provision for Income Taxes   | 281.9          | 281.9   | (10.6)                 | 271.3                      |
| <b>Income of consolidated companies</b>  | 594.1          | 594.1   | (24.6)                 | 569.5                      |
| Equity in Net Income of Unconsolidated Affiliates                                    | 0.9            | 0.9   |                        | 0.9                        |
| <b>Net Income</b>  | <b>595.0</b>   | <b>595.0</b>  | <b>(24.6)</b>          | <b>570.4</b>               |
| Net Income Attributable to Noncontrolling Interests                                  | (16.0)         | (16.0)  |                        | (16.0)                     |
| <b>Net Income Attributable to IPG Common Stockholders</b>                            | <b>579.0</b>   | <b>579.0</b>  | <b>(24.6)</b>          | <b>554.4</b>               |
| EPS Available to IPG Common Stockholders:  |                |   |                        |                            |
| Basic  | \$ 1.49        | \$ 1.49   | \$ 0.07                | \$ 1.42                    |
| Diluted  | \$ 1.46        | \$ 1.46   | \$ 0.06                | \$ 1.40                    |
| Weighted-Average Number of Common Shares Outstanding:                                |                |   |                        |                            |
| Basic  | 389.6          | 389.6   |                        | 389.6                      |
| Diluted  | 397.3          | 397.3   |                        | 397.3                      |
| Adjustments per Diluted Share, Non-Operating:  |                |   |                        |                            |
| Net Losses on Sales of Businesses  | \$ (0.04)      | \$ (0.04)   |                        | \$ (0.04)                  |
| Net Impact of U.S. Tax Reform  | \$ 0.09        | \$ 0.09   |                        | \$ 0.09                    |
| Diluted EPS Available to IPG Common Stockholders<br>After Non-Operating Adjustments: | <b>\$ 1.41</b> | <b>\$ 1.41</b>  |                        | <b>\$ 1.35</b>             |

# Increased Revenues & Billable Expenses

The new standard emphasizes “control” of the service. For example, delivery of an event at scale:

- 20,000-person software user convention for technology client
- Billable expenses that cover local event production such as venue, catering, talent and security
- Client is obligor on local contracts

|   | IPG          |               |
|---|--------------|---------------|
|   | Old          | New           |
| Client Service Fee (Net Revenue)                            | \$ 2,000,000 | \$ 2,000,000  |
| Client Reimbursement for Local Expenses (Billable Expenses) |              | 8,000,000     |
| Total Revenue   | \$ 2,000,000 | \$ 10,000,000 |
| Salaries & Related Expenses                                 | \$ 1,700,000 | \$ 1,700,000  |
| Billable Expenses   |              | 8,000,000     |
| Total Expenses  | \$ 1,700,000 | \$ 9,700,000  |
| Operating Income  | \$ 300,000   | \$ 300,000    |
| Net Revenue Operating Margin                                | 15.0%        | 15.0%         |

No impact on operating profit as a result of recording increased billable expenses

## Earlier Recognition of Client Bonuses

The new standard requires that client bonuses, likely to be achieved, are recognized as services are being performed, instead of only when the actual performance criteria have been achieved. The criteria often measure performance over a full year. For example:

- In media, deliver a defined multi-platform campaign for \$20 million less than market-rates while exceeding client's KPIs on sales and brand awareness over the full year
- Performance bonus of \$4 million upon achievement

|                     | 2017  |       |       |       | 2018  |       |       |       |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                     | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    | Q4    |
| <b>Old Standard</b> |       |       |       |       |       |       |       |       |
| Revenue             | -     | -     | -     | \$4.0 | -     | -     | -     | \$4.0 |
| Operating Income    | -     | -     | -     | \$4.0 | -     | -     | -     | \$4.0 |
| <b>New Standard</b> |       |       |       |       |       |       |       |       |
| Revenue             | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 |
| Operating Income    | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 |

No material change to FY operating profit as a result of earlier recognition of revenue and profit

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## Summary – New Revenue Standard

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- The accounting changes but the business does not. No change to our model for value creation, no change to cash flow, no material change to annual operating profit, pre-tax income, or EPS
- Higher reported levels of pass-through revenues and billable expenses, due to broader definition of revenue, which entail no change to operating income
- To enhance transparency and consistency, our income statement will show net revenue, and key performance metrics will be primarily focused on net revenue
- New standard requires earlier recognition of some revenue/profit compared to the old standard
- No change to our 2018 operating income target

2017 unaudited restatement by quarter, segment and region  
is in the appendix to this presentation



## **II. Income Statement Format**

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## New Income Statement Format

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- We have adopted the functional form Income Statement presentation, classifying expenses to Cost of Services and Selling, General & Administrative expenses
- Unrelated to revenue recognition, this is strictly a change to classifications, with no impact on results of operations
- In the scope of \$8.1 billion of 2017 (restated) operating expense:
  - Less than 2% is allocated to SG&A
  - D&A was approximately 2%, which we have elected to show separately
  - Over 96% categorized among Salaries & Related, Office and Other Direct Expenses, and now Billable Expenses
- Functional form is already in use in our peer group

# New Income Statement Format - 2017

|  | FY 2017<br>with 606<br>Adjustments | Income<br>Statement<br>Format<br>Adjustments | FY 2017<br>Restated<br>New Format | FY 2017<br>As Reported |
|--|------------------------------------|--|-----------------------------------|------------------------|
| <b>Revenue:</b>                              |                                    |  |                                   |                        |
| Net Revenue                                  | \$ 7,473.5                         |  | \$ 7,473.5                        |                        |
| Billable expenses                            | 1,574.1                            |  | 1,574.1                           |                        |
| <b>Total revenue</b>                         | <b>\$ 9,047.6</b>                  |  | <b>\$ 9,047.6</b>                 | <b>\$ 7,882.4</b>      |
| <b>Operating Expenses:</b>                   |                                    |  |                                   |                        |
| Salaries and related expenses                | 5,068.1                            | (77.4)                                       | 4,990.7                           | 5,068.1                |
| Office and other direct expenses             | 1,467.0                            | (198.2)                                      | 1,268.8                           | 1,840.7                |
| Billable expenses                            | 1,574.1                            |  | 1,574.1                           |                        |
| Cost of services                             |                                    |  | 7,833.6                           |                        |
| Selling, general and administrative expenses |                                    | 118.5  | 118.5                             |                        |
| Depreciation and amortization                |                                    | 157.1  | 157.1                             |                        |
| <b>Total operating expenses</b>              | <b>\$ 8,109.2</b>                  |  | <b>\$ 8,109.2</b>                 | <b>\$ 6,908.8</b>      |
| <b>Operating Income</b>                      | <b>\$ 938.4</b>                    |  | <b>\$ 938.4</b>                   | <b>\$ 973.6</b>        |

## Presentation of Expense Metrics

### Operating Expenses as % of Net Revenue

- **Salaries and related** category headings are unchanged from before
- **Office and other direct:** "All other" includes professional fees and T&E, office supplies & telecom, and other expenses
- **D&A** is shown separately
- **SG&A** consists of expenses formerly recorded in our Salaries and related expenses and, to a lesser extent, in our O&G expenses

### 2017 as Restated

|  | Q1             | Q2             | Q3             | Q4             | FY             |
|--|----------------|----------------|----------------|----------------|----------------|
| <b>Net revenue</b>                           | <b>1,675.3</b> | <b>1,834.6</b> | <b>1,832.5</b> | <b>2,131.1</b> | <b>7,473.5</b> |
| <b>Salaries and related expenses</b>         | <b>74.7%</b>   | <b>67.0%</b>   | <b>66.5%</b>   | <b>60.6%</b>   | <b>66.8%</b>   |
| Base salaries, benefits and tax              | 62.3%          | 57.1%          | 57.3%          | 49.3%          | 56.1%          |
| Incentive expense                            | 4.6%           | 2.8%           | 2.1%           | 3.6%           | 3.3%           |
| Severance expense                            | 1.3%           | 1.1%           | 0.8%           | 0.8%           | 1.0%           |
| Temporary help                               | 4.2%           | 3.9%           | 3.9%           | 3.6%           | 3.9%           |
| All other salaries and related expenses      | 2.4%           | 2.0%           | 2.3%           | 3.3%           | 2.5%           |
| <b>Office and other direct expenses</b>      | <b>18.7%</b>   | <b>17.4%</b>   | <b>16.5%</b>   | <b>15.7%</b>   | <b>17.0%</b>   |
| Occupancy expense                            | 7.4%           | 6.9%           | 7.1%           | 6.0%           | 6.8%           |
| All other office and other direct expenses   | 11.3%          | 10.5%          | 9.5%           | 9.7%           | 10.2%          |
| Selling, general and administrative expenses | 2.1%           | 1.1%           | 0.7%           | 2.3%           | 1.6%           |
| Depreciation and amortization                | 2.4%           | 2.3%           | 2.3%           | 1.5%           | 2.1%           |
| <b>Net revenue operating margin</b>          | <b>2.1%</b>    | <b>12.3%</b>   | <b>13.9%</b>   | <b>19.9%</b>   | <b>12.6%</b>   |

# Appendix

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**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in Millions, Except Per Share Amounts)  
(Unaudited)

|  | Three months ended |                  |                       |                      | Year ended           |
|--|--------------------|------------------|-----------------------|----------------------|----------------------|
|  | March 31,<br>2017  | June 30,<br>2017 | September 30,<br>2017 | December 31,<br>2017 | December 31,<br>2017 |
| <b>REVENUE:</b>  |                    |                  |                       |                      |                      |
| Net revenue  | \$ 1,675.3         | \$ 1,834.6       | \$ 1,832.5            | \$ 2,131.1           | \$ 7,473.5           |
| Billable expenses  | 388.5              | 351.2            | 375.7                 | 458.7                | 1,574.1              |
| Total revenue  | 2,063.8            | 2,185.8          | 2,208.2               | 2,589.8              | 9,047.6              |
| <b>OPERATING EXPENSES:</b>                                 |                    |                  |                       |                      |                      |
| Salaries and related expenses                              | 1,251.7            | 1,228.9          | 1,218.8               | 1,291.3              | 4,990.7              |
| Office and other direct expenses                           | 312.7              | 318.4            | 302.9                 | 334.8                | 1,268.8              |
| Billable expenses  | 388.5              | 351.2            | 375.7                 | 458.7                | 1,574.1              |
| Cost of services   | 1,952.9            | 1,898.5          | 1,897.4               | 2,084.8              | 7,833.6              |
| Selling, general and administrative expenses               | 35.2               | 20.3             | 13.6                  | 49.4                 | 118.5                |
| Depreciation and amortization                              | 41.0               | 41.3             | 42.2                  | 32.6                 | 157.1                |
| Total operating expenses                                   | 2,029.1            | 1,960.1          | 1,953.2               | 2,166.8              | 8,109.2              |
| <b>OPERATING INCOME</b>                                    | <b>34.7</b>        | <b>225.7</b>     | <b>255.0</b>          | <b>423.0</b>         | <b>938.4</b>         |
| Total (expenses) and other income                          | (14.9)             | (36.4)           | (26.8)                | (19.5)               | (97.6)               |
| <b>Income before income taxes</b>                          | <b>19.8</b>        | <b>189.3</b>     | <b>228.2</b>          | <b>403.5</b>         | <b>840.8</b>         |
| (Benefit of) provision for income taxes                    | (0.3)              | 81.6             | 54.9                  | 135.1                | 271.3                |
| <b>Income of consolidated companies</b>                    | <b>20.1</b>        | <b>107.7</b>     | <b>173.3</b>          | <b>268.4</b>         | <b>569.5</b>         |
| Equity in net income (loss) of unconsolidated affiliates   | 1.2                | (0.1)            | (1.0)                 | 0.8                  | 0.9                  |
| <b>NET INCOME</b>  | <b>21.3</b>        | <b>107.6</b>     | <b>172.3</b>          | <b>269.2</b>         | <b>570.4</b>         |
| Net loss (income) attributable to noncontrolling interests | 3.4                | 0.1              | (2.6)                 | (16.9)               | (16.0)               |
| <b>NET INCOME AVAILABLE TO IPG COMMON STOCKHOLDERS</b>     | <b>\$ 24.7</b>     | <b>\$ 107.7</b>  | <b>\$ 169.7</b>       | <b>\$ 252.3</b>      | <b>\$ 554.4</b>      |
| Earnings per share available to IPG common stockholders:   |                    |                  |                       |                      |                      |
| Basic  | \$ 0.06            | \$ 0.27          | \$ 0.44               | \$ 0.66              | \$ 1.42              |
| Diluted  | \$ 0.06            | \$ 0.27          | \$ 0.43               | \$ 0.64              | \$ 1.40              |
| Operating margin as a % of net revenue                     | 2.1%               | 12.3%            | 13.9%                 | 19.9%                | 12.6%                |
| Operating margin as a % of total revenue                   | 1.7%               | 10.3%            | 11.5%                 | 16.3%                | 10.4%                |

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in Millions, Except Per Share Amounts)  
(Unaudited)

|  | Three months ended March 31, 2017 |                           |                         |                        |                |
|--|-----------------------------------|---------------------------|-------------------------|------------------------|----------------|
|  | As Reported                       | I/S Format<br>Adjustments | New I/S<br>Presentation | ASC 606<br>Adjustments | New GAAP       |
| <b>REVENUE:</b>  |                                   |                           |                         |                        |                |
| Net revenue  | —                                 | \$ 1,670.3                | \$ 1,670.3              | \$ 5.0                 | \$ 1,675.3     |
| Billable expenses  | —                                 | 83.6                      | 83.6                    | 304.9                  | 388.5          |
| Total revenue  | \$ 1,753.9                        |                           | 1,753.9                 | 309.9                  | 2,063.8        |
| <b>OPERATING EXPENSES:</b>                               |                                   |                           |                         |                        |                |
| Salaries and related expenses                            | 1,275.4                           | (23.7)                    | 1,251.7                 |                        | 1,251.7        |
| Office and other direct expenses                         | 448.8                             | (136.1)                   | 312.7                   |                        | 312.7          |
| Billable expenses  | —                                 | 83.6                      | 83.6                    | 304.9                  | 388.5          |
| Cost of services   | —                                 |                           | 1,648.0                 | 304.9                  | 1,952.9        |
| Selling, general and administrative expenses             | —                                 | 35.2                      | 35.2                    |                        | 35.2           |
| Depreciation and amortization                            | —                                 | 41.0                      | 41.0                    |                        | 41.0           |
| Total operating expenses                                 | 1,724.2                           | \$ —                      | 1,724.2                 | 304.9                  | 2,029.1        |
| <b>OPERATING INCOME</b>                                  | <b>29.7</b>                       |                           | <b>29.7</b>             | <b>5.0</b>             | <b>34.7</b>    |
| Total (expenses) and other income                        | (14.9)                            |                           | (14.9)                  |                        | (14.9)         |
| <b>Income before income taxes</b>                        | <b>14.8</b>                       |                           | <b>14.8</b>             | <b>5.0</b>             | <b>19.8</b>    |
| Benefit of income taxes                                  | (2.1)                             |                           | (2.1)                   | 1.8                    | (0.3)          |
| <b>Income of consolidated companies</b>                  | <b>16.9</b>                       |                           | <b>16.9</b>             | <b>3.2</b>             | <b>20.1</b>    |
| Equity in net income of unconsolidated affiliates        | 1.2                               |                           | 1.2                     |                        | 1.2            |
| <b>NET INCOME</b>  | <b>18.1</b>                       |                           | <b>18.1</b>             | <b>3.2</b>             | <b>21.3</b>    |
| Net loss attributable to noncontrolling interests        | 3.4                               |                           | 3.4                     |                        | 3.4            |
| <b>NET INCOME AVAILABLE TO IPG COMMON STOCKHOLDERS</b>   | <b>\$ 21.5</b>                    |                           | <b>\$ 21.5</b>          | <b>\$ 3.2</b>          | <b>\$ 24.7</b> |
| Earnings per share available to IPG common stockholders: |                                   |                           |                         |                        |                |
| Basic  | \$ 0.05                           |                           | \$ 0.05                 | \$ 0.01                | \$ 0.06        |
| Diluted  | \$ 0.05                           |                           | \$ 0.05                 | \$ 0.01                | \$ 0.06        |
| Operating margin as a % of net revenue                   |                                   |                           | 1.8%                    |                        | 2.1%           |
| Operating margin as a % of total revenue                 | 1.7%                              |                           | 1.7%                    |                        | 1.7%           |

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in Millions, Except Per Share Amounts)  
(Unaudited)

|  | Three months ended June 30, 2017 |                           |                         |                        |                 |
|--|----------------------------------|---------------------------|-------------------------|------------------------|-----------------|
|  | As Reported                      | I/S Format<br>Adjustments | New I/S<br>Presentation | ASC 606<br>Adjustments | New GAAP        |
| <b>REVENUE:</b>  |                                  |                           |                         |                        |                 |
| Net revenue  | —                                | \$ 1,815.4                | \$ 1,815.4              | \$ 19.2                | \$ 1,834.6      |
| Billable expenses  | —                                | 69.5                      | 69.5                    | 281.7                  | 351.2           |
| Total revenue  | \$ 1,884.9                       |                           | 1,884.9                 | 300.9                  | 2,185.8         |
| <b>OPERATING EXPENSES:</b>                               |                                  |                           |                         |                        |                 |
| Salaries and related expenses                            | 1,239.3                          | (10.4)                    | 1,228.9                 |                        | 1,228.9         |
| Office and other direct expenses                         | 439.1                            | (120.7)                   | 318.4                   |                        | 318.4           |
| Billable expenses  | —                                | 69.5                      | 69.5                    | 281.7                  | 351.2           |
| Cost of services   | —                                |                           | 1,616.8                 | 281.7                  | 1,898.5         |
| Selling, general and administrative expenses             | —                                | 20.3                      | 20.3                    |                        | 20.3            |
| Depreciation and amortization                            | —                                | 41.3                      | 41.3                    |                        | 41.3            |
| Total operating expenses                                 | 1,678.4                          | \$ —                      | 1,678.4                 | 281.7                  | 1,960.1         |
| <b>OPERATING INCOME</b>                                  | <b>206.5</b>                     |                           | <b>206.5</b>            | <b>19.2</b>            | <b>225.7</b>    |
| Total (expenses) and other income                        | (36.4)                           |                           | (36.4)                  |                        | (36.4)          |
| <b>Income before income taxes</b>                        | <b>170.1</b>                     |                           | <b>170.1</b>            | <b>19.2</b>            | <b>189.3</b>    |
| Provision for income taxes                               | 75.4                             |                           | 75.4                    | 6.2                    | 81.6            |
| <b>Income of consolidated companies</b>                  | <b>94.7</b>                      |                           | <b>94.7</b>             | <b>13.0</b>            | <b>107.7</b>    |
| Equity in net loss of unconsolidated affiliates          | (0.1)                            |                           | (0.1)                   |                        | (0.1)           |
| <b>NET INCOME</b>  | <b>94.6</b>                      |                           | <b>94.6</b>             | <b>13.0</b>            | <b>107.6</b>    |
| Net loss attributable to noncontrolling interests        | 0.1                              |                           | 0.1                     |                        | 0.1             |
| <b>NET INCOME AVAILABLE TO IPG COMMON STOCKHOLDERS</b>   | <b>\$ 94.7</b>                   |                           | <b>\$ 94.7</b>          | <b>\$ 13.0</b>         | <b>\$ 107.7</b> |
| Earnings per share available to IPG common stockholders: |                                  |                           |                         |                        |                 |
| Basic  | \$ 0.24                          |                           | \$ 0.24                 | \$ 0.03                | \$ 0.27         |
| Diluted  | \$ 0.24                          |                           | \$ 0.24                 | \$ 0.03                | \$ 0.27         |
| Operating margin as a % of net revenue                   |                                  |                           | 11.4%                   |                        | 12.3%           |
| Operating margin as a % of total revenue                 | 11.0%                            |                           | 11.0%                   |                        | 10.3%           |

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in Millions, Except Per Share Amounts)  
(Unaudited)

|  | Three months ended September 30, 2017 |                           |                         |                        |                 |
|--|---------------------------------------|---------------------------|-------------------------|------------------------|-----------------|
|  | As Reported                           | I/S Format<br>Adjustments | New I/S<br>Presentation | ASC 606<br>Adjustments | New GAAP        |
| <b>REVENUE:</b>  |                                       |                           |                         |                        |                 |
| Net revenue  | —                                     | \$ 1,796.6                | \$ 1,796.6              | \$ 35.9                | \$ 1,832.5      |
| Billable expenses  | —                                     | 106.0                     | 106.0                   | 269.7                  | 375.7           |
| Total revenue  | \$ 1,902.6                            |                           | 1,902.6                 | 305.6                  | 2,208.2         |
| <b>OPERATING EXPENSES:</b>                               |                                       |                           |                         |                        |                 |
| Salaries and related expenses                            | 1,227.6                               | (8.8)                     | 1,218.8                 |                        | 1,218.8         |
| Office and other direct expenses                         | 455.9                                 | (153.0)                   | 302.9                   |                        | 302.9           |
| Billable expenses  | —                                     | 106.0                     | 106.0                   | 269.7                  | 375.7           |
| Cost of services   | —                                     |                           | 1,627.7                 | 269.7                  | 1,897.4         |
| Selling, general and administrative expenses             | —                                     | 13.6                      | 13.6                    |                        | 13.6            |
| Depreciation and amortization                            | —                                     | 42.2                      | 42.2                    |                        | 42.2            |
| Total operating expenses                                 | 1,683.5                               | \$ —                      | 1,683.5                 | 269.7                  | 1,953.2         |
| <b>OPERATING INCOME</b>                                  | <b>219.1</b>                          |                           | <b>219.1</b>            | <b>35.9</b>            | <b>255.0</b>    |
| Total (expenses) and other income                        | (26.8)                                |                           | (26.8)                  |                        | (26.8)          |
| <b>Income before income taxes</b>                        | <b>192.3</b>                          |                           | <b>192.3</b>            | <b>35.9</b>            | <b>228.2</b>    |
| Provision for income taxes                               | 42.5                                  |                           | 42.5                    | 12.4                   | 54.9            |
| <b>Income of consolidated companies</b>                  | <b>149.8</b>                          |                           | <b>149.8</b>            | <b>23.5</b>            | <b>173.3</b>    |
| Equity in net loss of unconsolidated affiliates          | (1.0)                                 |                           | (1.0)                   |                        | (1.0)           |
| <b>NET INCOME</b>  | <b>148.8</b>                          |                           | <b>148.8</b>            | <b>23.5</b>            | <b>172.3</b>    |
| Net income attributable to noncontrolling interests      | (2.6)                                 |                           | (2.6)                   |                        | (2.6)           |
| <b>NET INCOME AVAILABLE TO IPG COMMON STOCKHOLDERS</b>   | <b>\$ 146.2</b>                       |                           | <b>\$ 146.2</b>         | <b>\$ 23.5</b>         | <b>\$ 169.7</b> |
| Earnings per share available to IPG common stockholders: |                                       |                           |                         |                        |                 |
| Basic  | \$ 0.38                               |                           | \$ 0.38                 | \$ 0.06                | \$ 0.44         |
| Diluted  | \$ 0.37                               |                           | \$ 0.37                 | \$ 0.06                | \$ 0.43         |
| Operating margin as a % of net revenue                   |                                       |                           | 12.2%                   |                        | 13.9%           |
| Operating margin as a % of total revenue                 | 11.5%                                 |                           | 11.5%                   |                        | 11.5%           |

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in Millions, Except Per Share Amounts)  
(Unaudited)

|  | Three months ended December 31, 2017 |                           |                         |                        |                 |
|--|--------------------------------------|---------------------------|-------------------------|------------------------|-----------------|
|  | As Reported                          | I/S Format<br>Adjustments | New I/S<br>Presentation | ASC 606<br>Adjustments | New GAAP        |
| <b>REVENUE:</b>  |                                      |                           |                         |                        |                 |
| Net revenue  | —                                    | \$ 2,226.4                | \$ 2,226.4              | \$ (95.3)              | \$ 2,131.1      |
| Billable expenses  | —                                    | 114.6                     | 114.6                   | 344.1                  | 458.7           |
| Total revenue  | \$ 2,341.0                           |                           | 2,341.0                 | 248.8                  | 2,589.8         |
| <b>OPERATING EXPENSES:</b>                               |                                      |                           |                         |                        |                 |
| Salaries and related expenses                            | 1,325.8                              | (34.5)                    | 1,291.3                 |                        | 1,291.3         |
| Office and other direct expenses                         | 496.9                                | (162.1)                   | 334.8                   |                        | 334.8           |
| Billable expenses  | —                                    | 114.6                     | 114.6                   | 344.1                  | 458.7           |
| Cost of services   | —                                    |                           | 1,740.7                 | 344.1                  | 2,084.8         |
| Selling, general and administrative expenses             | —                                    | 49.4                      | 49.4                    |                        | 49.4            |
| Depreciation and amortization                            | —                                    | 32.6                      | 32.6                    |                        | 32.6            |
| Total operating expenses                                 | 1,822.7                              | \$ —                      | 1,822.7                 | 344.1                  | 2,166.8         |
| <b>OPERATING INCOME</b>                                  | <b>518.3</b>                         |                           | <b>518.3</b>            | <b>(95.3)</b>          | <b>423.0</b>    |
| Total (expenses) and other income                        | (19.5)                               |                           | (19.5)                  |                        | (19.5)          |
| <b>Income before income taxes</b>                        | <b>498.8</b>                         |                           | <b>498.8</b>            | <b>(95.3)</b>          | <b>403.5</b>    |
| Provision for income taxes                               | 166.1                                |                           | 166.1                   | (31.0)                 | 135.1           |
| <b>Income of consolidated companies</b>                  | <b>332.7</b>                         |                           | <b>332.7</b>            | <b>(64.3)</b>          | <b>268.4</b>    |
| Equity in net income of unconsolidated affiliates        | 0.8                                  |                           | 0.8                     |                        | 0.8             |
| <b>NET INCOME</b>  | <b>333.5</b>                         |                           | <b>333.5</b>            | <b>(64.3)</b>          | <b>269.2</b>    |
| Net income attributable to noncontrolling interests      | (16.9)                               |                           | (16.9)                  |                        | (16.9)          |
| <b>NET INCOME AVAILABLE TO IPG COMMON STOCKHOLDERS</b>   | <b>\$ 316.6</b>                      |                           | <b>\$ 316.6</b>         | <b>\$ (64.3)</b>       | <b>\$ 252.3</b> |
| Earnings per share available to IPG common stockholders: |                                      |                           |                         |                        |                 |
| Basic  | \$ 0.82                              |                           | \$ 0.82                 | \$ (0.16)              | \$ 0.66         |
| Diluted  | \$ 0.81                              |                           | \$ 0.81                 | \$ (0.17)              | \$ 0.64         |
| Operating margin as a % of net revenue                   |                                      |                           | 23.3%                   |                        | 19.9%           |
| Operating margin as a % of total revenue                 | 22.1%                                |                           | 22.1%                   |                        | 16.3%           |

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in Millions, Except Per Share Amounts)  
(Unaudited)

|  | Year ended December 31, 2017 |                           |                         |                        |                 |
|--|------------------------------|---------------------------|-------------------------|------------------------|-----------------|
|  | As Reported                  | I/S Format<br>Adjustments | New I/S<br>Presentation | ASC 606<br>Adjustments | New GAAP        |
| <b>REVENUE:</b>  |                              |                           |                         |                        |                 |
| Net revenue  | —                            | \$ 7,508.7                | \$ 7,508.7              | \$ (35.2)              | \$ 7,473.5      |
| Billable expenses  | —                            | 373.7                     | 373.7                   | 1,200.4                | 1,574.1         |
| Total revenue  | \$ 7,882.4                   |                           | 7,882.4                 | 1,165.2                | 9,047.6         |
| <b>OPERATING EXPENSES:</b>                               |                              |                           |                         |                        |                 |
| Salaries and related expenses                            | 5,068.1                      | (77.4)                    | 4,990.7                 |                        | 4,990.7         |
| Office and other direct expenses                         | 1,840.7                      | (571.9)                   | 1,268.8                 |                        | 1,268.8         |
| Billable expenses  | —                            | 373.7                     | 373.7                   | 1,200.4                | 1,574.1         |
| Cost of services   | —                            |                           | 6,633.2                 | 1,200.4                | 7,833.6         |
| Selling, general and administrative expenses             | —                            | 118.5                     | 118.5                   |                        | 118.5           |
| Depreciation and amortization                            | —                            | 157.1                     | 157.1                   |                        | 157.1           |
| Total operating expenses                                 | 6,908.8                      | \$ —                      | 6,908.8                 | 1,200.4                | 8,109.2         |
| <b>OPERATING INCOME</b>                                  | <b>973.6</b>                 |                           | <b>973.6</b>            | <b>(35.2)</b>          | <b>938.4</b>    |
| Total (expenses) and other income                        | (97.6)                       |                           | (97.6)                  |                        | (97.6)          |
| <b>Income before income taxes</b>                        | <b>876.0</b>                 |                           | <b>876.0</b>            | <b>(35.2)</b>          | <b>840.8</b>    |
| Provision for income taxes                               | 281.9                        |                           | 281.9                   | (10.6)                 | 271.3           |
| <b>Income of consolidated companies</b>                  | <b>594.1</b>                 |                           | <b>594.1</b>            | <b>(24.6)</b>          | <b>569.5</b>    |
| Equity in net income of unconsolidated affiliates        | 0.9                          |                           | 0.9                     |                        | 0.9             |
| <b>NET INCOME</b>  | <b>595.0</b>                 |                           | <b>595.0</b>            | <b>(24.6)</b>          | <b>570.4</b>    |
| Net income attributable to noncontrolling interests      | (16.0)                       |                           | (16.0)                  |                        | (16.0)          |
| <b>NET INCOME AVAILABLE TO IPG COMMON STOCKHOLDERS</b>   | <b>\$ 579.0</b>              |                           | <b>\$ 579.0</b>         | <b>\$ (24.6)</b>       | <b>\$ 554.4</b> |
| Earnings per share available to IPG common stockholders: |                              |                           |                         |                        |                 |
| Basic  | \$ 1.49                      |                           | \$ 1.49                 | \$ (0.07)              | \$ 1.42         |
| Diluted  | \$ 1.46                      |                           | \$ 1.46                 | \$ (0.06)              | \$ 1.40         |
| Operating margin as a % of net revenue                   |                              |                           | 13.0%                   |                        | 12.6%           |
| Operating margin as a % of total revenue                 | 12.4%                        |                           | 12.4%                   |                        | 10.4%           |

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES**  
**SEGMENT REVENUE AND OPERATING INCOME (LOSS)**  
(Amounts in Millions)  
(Unaudited)

Summarized financial information concerning our reportable segments is shown below.

|   | Three months ended |                  |                       |                      | Year ended           |
|---|--------------------|------------------|-----------------------|----------------------|----------------------|
|   | March 31,<br>2017  | June 30,<br>2017 | September 30,<br>2017 | December 31,<br>2017 | December 31,<br>2017 |
| <b>Total Revenue:</b>                   |                    |                  |                       |                      |                      |
| IAN                                     | \$ 1,567.8         | \$ 1,711.3       | \$ 1,702.8            | \$ 2,027.7           | \$ 7,009.6           |
| CMG                                     | 496.0              | 474.5            | 505.4                 | 562.1                | 2,038.0              |
| Total                                   | \$ 2,063.8         | \$ 2,185.8       | \$ 2,208.2            | \$ 2,589.8           | \$ 9,047.6           |
| <b>Net Revenue:</b>                     |                    |                  |                       |                      |                      |
| IAN                                     | \$ 1,391.1         | \$ 1,534.0       | \$ 1,531.4            | \$ 1,810.2           | \$ 6,266.7           |
| CMG                                     | 284.2              | 300.6            | 301.1                 | 320.9                | 1,206.8              |
| Total                                   | \$ 1,675.3         | \$ 1,834.6       | \$ 1,832.5            | \$ 2,131.1           | \$ 7,473.5           |
| <b>Segment operating income (loss):</b> |                    |                  |                       |                      |                      |
| IAN                                     | \$ 50.1            | \$ 196.0         | \$ 216.8              | \$ 412.2             | \$ 875.1             |
| CMG                                     | 22.1               | 51.5             | 53.1                  | 63.2                 | 189.9                |
| Corporate and other                     | (37.5)             | (21.8)           | (14.9)                | (52.4)               | (126.6)              |
| Total                                   | \$ 34.7            | \$ 225.7         | \$ 255.0              | \$ 423.0             | \$ 938.4             |
| IAN operating margin on net revenue     | 3.6%               | 12.8%            | 14.2%                 | 22.8%                | 14.0%                |
| CMG operating margin on net revenue     | 7.8%               | 17.1%            | 17.6%                 | 19.7%                | 15.7%                |
| IPG operating margin on net revenue     | 2.1%               | 12.3%            | 13.9%                 | 19.8%                | 12.6%                |

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES**  
**REVENUE BY REGION**  
(Amounts in Millions)  
(Unaudited)

Summarized financial information concerning our regions is shown below.

*Net Revenue:*

|                      | Three months ended |                  |                       |                      | Year ended           |
|----------------------|--------------------|------------------|-----------------------|----------------------|----------------------|
|                      | March 31,<br>2017  | June 30,<br>2017 | September 30,<br>2017 | December 31,<br>2017 | December 31,<br>2017 |
| <b>Consolidated</b>  | \$ 1,675.3         | \$ 1,834.6       | \$ 1,832.5            | \$ 2,131.1           | \$ 7,473.5           |
| <b>Domestic</b>      | 1,057.1            | 1,127.6          | 1,109.6               | 1,164.5              | 4,458.8              |
| <b>International</b> | 618.2              | 707.0            | 722.9                 | 966.6                | 3,014.7              |
| United Kingdom       | 135.2              | 141.7            | 160.0                 | 176.2                | 613.1                |
| Continental Europe   | 140.9              | 154.6            | 150.7                 | 241.6                | 687.8                |
| Asia Pacific         | 173.7              | 205.3            | 203.7                 | 284.2                | 866.9                |
| Latin America        | 69.0               | 85.7             | 86.9                  | 109.2                | 350.8                |
| Other                | 99.4               | 119.7            | 121.6                 | 155.4                | 496.1                |

*IAN*

|                      | Three months ended |                  |                       |                      | Year ended           |
|----------------------|--------------------|------------------|-----------------------|----------------------|----------------------|
|                      | March 31,<br>2017  | June 30,<br>2017 | September 30,<br>2017 | December 31,<br>2017 | December 31,<br>2017 |
| <b>Consolidated</b>  | \$ 1,391.1         | \$ 1,534.0       | \$ 1,531.4            | \$ 1,810.2           | \$ 6,266.7           |
| <b>Domestic</b>      | 862.0              | 926.3            | 913.2                 | 959.1                | 3,660.6              |
| <b>International</b> | 529.1              | 607.7            | 618.2                 | 851.1                | 2,606.1              |

*CMG*

|                      | Three months ended |                  |                       |                      | Year ended           |
|----------------------|--------------------|------------------|-----------------------|----------------------|----------------------|
|                      | March 31,<br>2017  | June 30,<br>2017 | September 30,<br>2017 | December 31,<br>2017 | December 31,<br>2017 |
| <b>Consolidated</b>  | \$ 284.2           | \$ 300.6         | \$ 301.1              | \$ 320.9             | \$ 1,206.8           |
| <b>Domestic</b>      | 195.1              | 201.3            | 196.4                 | 205.4                | 798.2                |
| <b>International</b> | 89.1               | 99.3             | 104.7                 | 115.5                | 408.6                |

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES**  
**RECONCILIATIONS OF ADJUSTED NON-GAAP RESULTS**  
**(Unaudited)**

Summarized financial information reconciling our non-GAAP adjustments to our earnings per share available to IPG common stockholders ("EPS") is presented below. Note that neither the adoption of the new revenue standard nor the reclassification of revenues and operating expenses on our statements of operations impacted the adjustments presented below.

|                                   | Three months ended |                  |                       |                      | Year ended           |
|-----------------------------------|--------------------|------------------|-----------------------|----------------------|----------------------|
|                                   | March 31,<br>2017  | June 30,<br>2017 | September 30,<br>2017 | December 31,<br>2017 | December 31,<br>2017 |
| New GAAP diluted EPS              | \$ 0.06            | \$ 0.27          | \$ 0.43               | \$ 0.64              | \$ 1.40              |
| Diluted EPS impact of:            |                    |                  |                       |                      |                      |
| Net losses on sales of businesses |                    | (0.03)           | (0.02)                | 0.01                 | (0.04)               |
| U.S. federal tax credits          |                    |                  | 0.08                  | (0.08)               | —                    |
| Net impact of U.S. tax reform     |                    |                  |                       | 0.09                 | 0.09                 |
| New GAAP adjusted diluted EPS     | <u>\$ 0.06</u>     | <u>\$ 0.30</u>   | <u>\$ 0.37</u>        | <u>\$ 0.62</u>       | <u>\$ 1.35</u>       |

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## Cautionary Statement

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This Exhibit 99.1 contains forward-looking statements. Statements in this Exhibit 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.



