



Interpublic Group

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# **THIRD QUARTER 2017 EARNINGS CONFERENCE CALL**

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October 24, 2017

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# Overview - Third Quarter 2017

- Total revenue change was -1.0%; organic revenue growth was +0.5%, and was +1.5% excluding the impact of lower pass-through revenue
  - U.S. organic growth was +1.3%, and was +2.0% excluding lower pass-through revenue
  - International organic change was -0.7%, and was +0.7% excluding lower pass-through revenue
- Operating income was \$219 million compared with \$208 million
- Operating margin was 11.5% compared with 10.8%, an increase of 70 basis points
- Diluted EPS was \$0.37, and was \$0.31 as adjusted for below-the-line items, compared with \$0.32 reported and \$0.31 adjusted diluted EPS in Q3-16



# Operating Performance

	Three Months Ended September 30,	
	2017	2016
<i>Revenue</i>	\$ 1,902.6	\$ 1,922.2
Salaries and Related Expenses <sup>(1)</sup>	1,227.6	1,228.0
Office and General Expenses	455.9	486.2
<i>Operating Income</i>	219.1	208.0
Interest Expense	(21.0)	(21.7)
Interest Income	4.1	4.7
Other (Expense) Income, net <sup>(1)</sup>	(9.9)	5.3
<i>Income Before Income Taxes</i>	192.3	196.3
Provision for Income Taxes	42.5	63.8
Equity in Net (Loss) Income of Unconsolidated Affiliates	(1.0)	0.2
<i>Net Income</i>	148.8	132.7
Net Income Attributable to Noncontrolling Interests	(2.6)	(4.1)
<i>Net Income Available to IPG Common Stockholders</i>	\$ 146.2	\$ 128.6

## *Earnings per Share Available to IPG Common Stockholders:*

Basic	\$ 0.38	\$ 0.32
Diluted	\$ 0.37	\$ 0.32

## *Weighted-Average Number of Common Shares Outstanding:*

Basic	389.5	397.7
Diluted	397.2	407.9

<i>Dividends Declared per Common Share</i>	\$ 0.18	\$ 0.15
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- (1) As part of the adoption of FASB ASU 2017-07, we have reclassified a portion of postretirement costs from Salaries and Related Expenses to Other (Expense) Income, net. The amounts reclassified were \$4.8 and \$0.8 for the three months ended September 30, 2017 and 2016, respectively.

# Revenue

	Three Months Ended		Nine Months Ended	
	\$	% Change	\$	% Change
<b>September 30, 2016</b>	<b>\$ 1,922.2</b>		<b>\$ 5,582.1</b>	
Total change	(19.6)	(1.0%)	(40.7)	(0.7%)
Foreign currency	7.7	0.4%	(30.7)	(0.5%)
Net acquisitions/(divestitures)	(37.2)	(1.9%)	(73.8)	(1.3%)
Organic	<b>9.9</b>	<b>0.5%</b>	<b>63.8</b>	<b>1.1%</b>
Change in pass-throughs	(19.1)	(1.0%)	(27.2)	(0.5%)
Organic ex change in pass-throughs	<b>29.0</b>	<b>1.5%</b>	<b>91.0</b>	<b>1.6%</b>
<b>September 30, 2017</b>	<b>\$ 1,902.6</b>		<b>\$ 5,541.4</b>	

	Three Months Ended September 30,					Nine Months Ended September 30,				
			Change					Change		
	2017	2016	Total	Organic	Organic ex-PT	2017	2016	Total	Organic	Organic ex-PT
<b>IAN</b>	\$ 1,520.2	\$ 1,503.2	1.1%	2.0%	2.4%	\$ 4,465.6	\$ 4,453.3	0.3%	1.7%	2.0%
<b>CMG</b>	\$ 382.4	\$ 419.0	(8.7%)	(5.0%)	(1.7%)	\$ 1,075.8	\$ 1,128.8	(4.7%)	(1.2%)	0.1%

"ex-PT": excluding the organic change in our pass-through revenues, which are offset in our operating expenses.

# Geographic Revenue Change

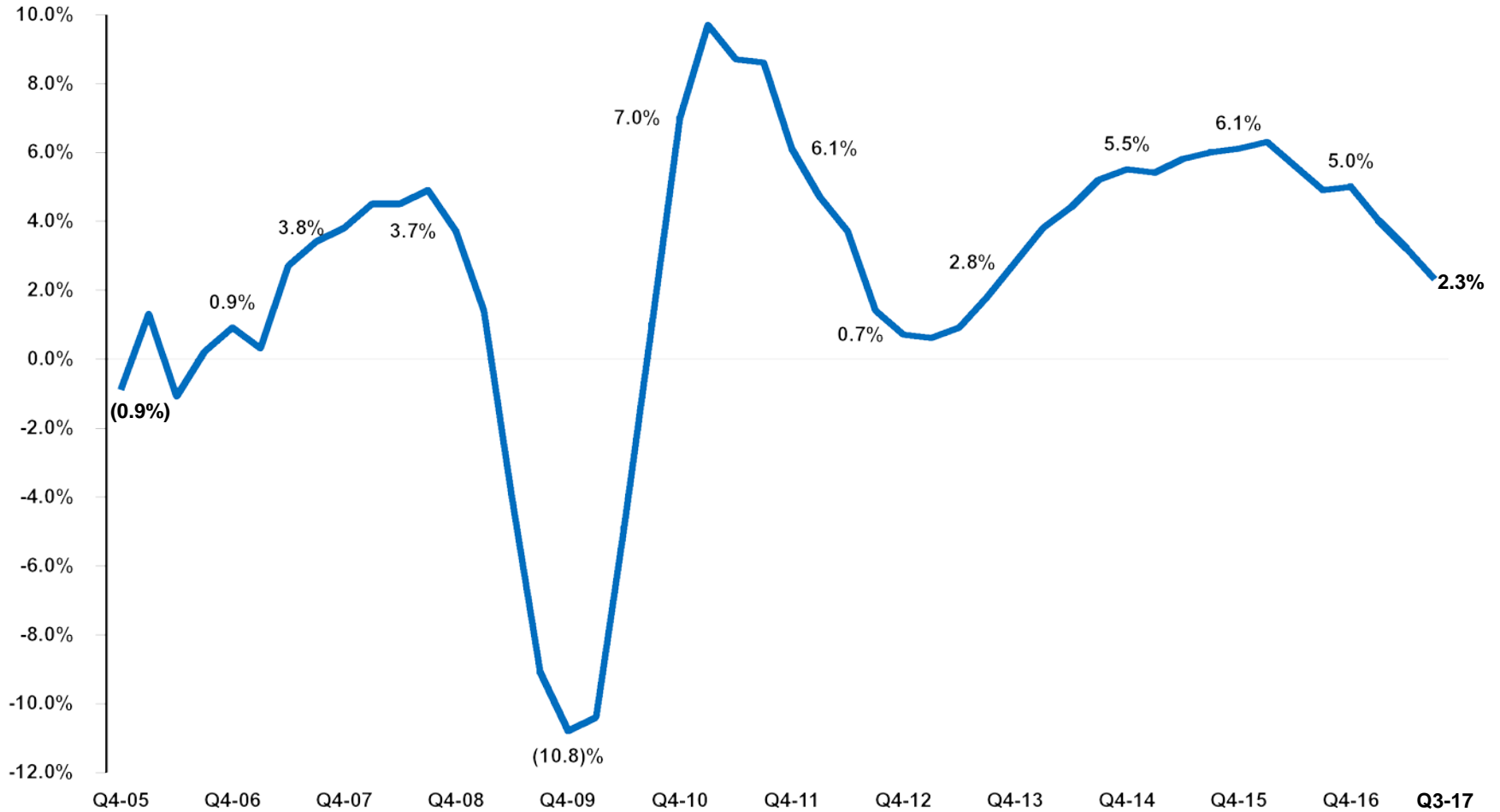
	Three Months Ended September 30, 2017			Nine Months Ended September 30, 2017		
	Total	Organic	Organic ex-PT	Total	Organic	Organic ex-PT
United States	(0.8%)	1.3%	2.0%	0.1%	1.6%	1.9%
International	(1.3%)	(0.7%)	0.7%	(2.0%)	0.4%	1.2%
United Kingdom	1.4%	3.0%	8.1%	(4.7%)	1.7%	5.3%
Continental Europe	2.0%	0.4%	1.5%	(2.4%)	1.3%	1.8%
Asia Pacific	(1.8%)	(2.1%)	(2.2%)	(1.7%)	(1.9%)	(2.3%)
Latin America	(17.7%)	(9.9%)	(10.3%)	(7.1%)	(3.1%)	(3.3%)
All Other Markets	6.4%	3.4%	4.0%	6.4%	4.5%	4.5%
<b>Worldwide</b>	<b>(1.0%)</b>	<b>0.5%</b>	<b>1.5%</b>	<b>(0.7%)</b>	<b>1.1%</b>	<b>1.6%</b>

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



# Organic Revenue Growth

## Trailing Twelve Months



# Operating Expenses

## Salaries & Related

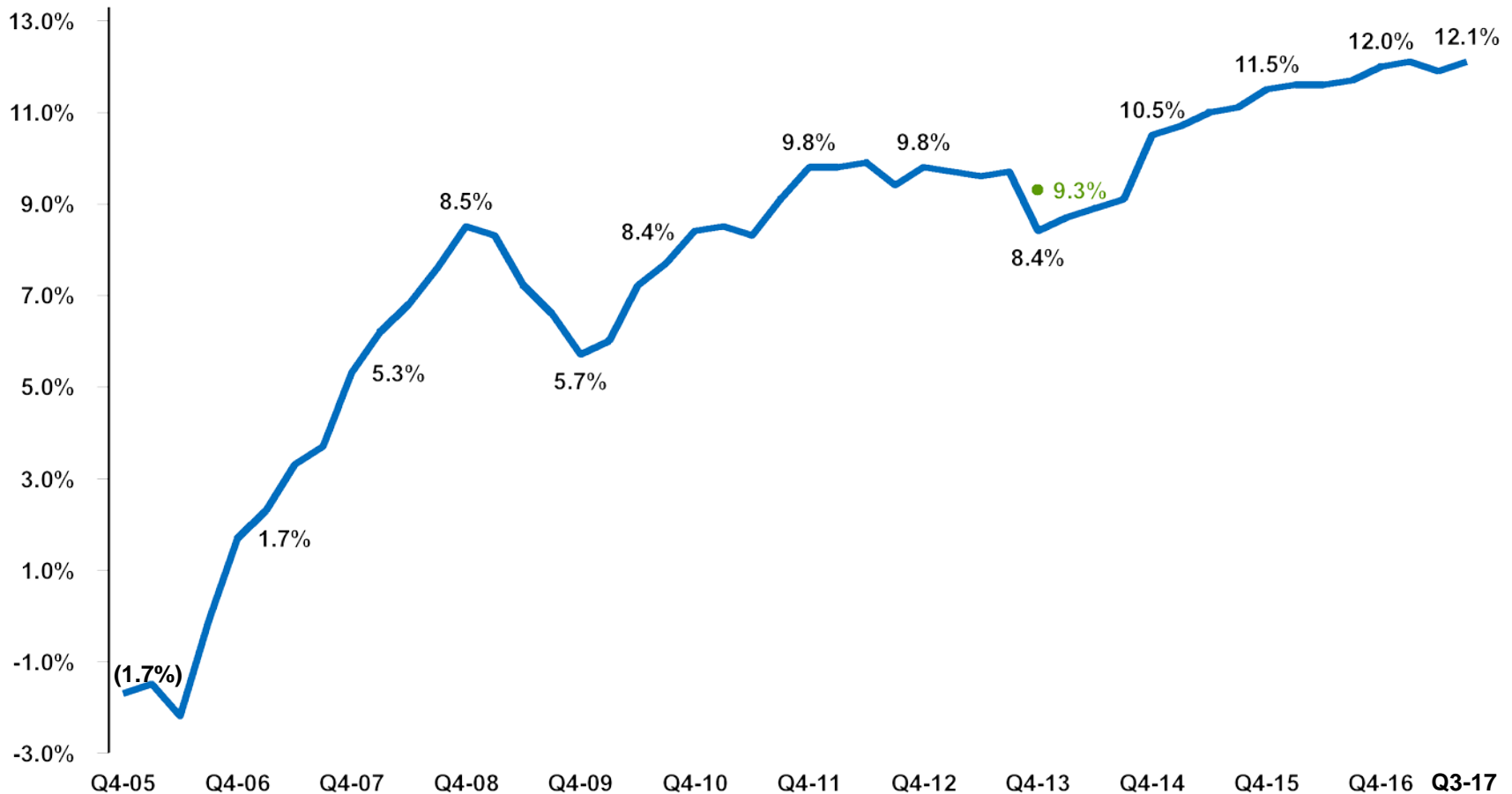
	2017	2016	Change		
			\$	Total	Organic
Three Months Ended September 30, <i>% of Revenue</i>	\$ 1,227.6 64.5%	\$ 1,228.0 63.9%	\$ (0.4)	0.0%	1.3%
Nine Months Ended September 30, <i>% of Revenue</i>	\$ 3,742.3 67.5%	\$ 3,726.3 66.8%	\$ 16.0	0.4%	2.4%

## Office & General

	2017	2016	Change		
			\$	Total	Organic
Three Months Ended September 30, <i>% of Revenue</i>	\$ 455.9 24.0%	\$ 486.2 25.3%	\$ (30.3)	(6.2%)	(3.3%)
Nine Months Ended September 30, <i>% of Revenue</i>	\$ 1,343.8 24.3%	\$ 1,400.5 25.1%	\$ (56.7)	(4.0%)	(1.3%)

# 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 September 30, 2017

	As Reported	Net Losses on Sales of Businesses <sup>(1)</sup>	U.S. Federal Tax Credits <sup>(2)</sup>	Adjusted Results
Income Before Income Taxes	\$ 192.3	\$ (8.7)		\$ 201.0
Provision for Income Taxes	42.5	1.7	\$ 31.2	75.4
<b>Effective Tax Rate</b>	<b>22.1%</b>			<b>37.5%</b>
<b>Diluted EPS Components:</b>				
Net Income Available to IPG Common Stockholders	\$ 146.2	\$ (7.0)	\$ 31.2	\$ 122.0
Weighted-Average Number of Common Shares Outstanding	397.2			397.2
<b>Earnings Per Share Available to IPG Common Stockholders</b>	<b>\$ 0.37</b>	<b>\$ (0.02)</b>	<b>\$ 0.08</b>	<b>\$ 0.31</b>

## Nine Months Ended September 30, 2017

	As Reported	Net Losses on Sales of Businesses <sup>(1)</sup>	U.S. Federal Tax Credits <sup>(2)</sup>	Adjusted Results
Income Before Income Taxes	\$ 377.2	\$ (20.9)		\$ 398.1
Provision for Income Taxes	115.8	1.7	\$ 31.2	148.7
<b>Effective Tax Rate</b>	<b>30.7%</b>			<b>37.4%</b>
<b>Diluted EPS Components:</b>				
Net Income Available to IPG Common Stockholders	\$ 262.4	\$ (19.2)	\$ 31.2	\$ 250.4
Weighted-Average Number of Common Shares Outstanding	398.6			398.6
<b>Earnings Per Share Available to IPG Common Stockholders</b>	<b>\$ 0.66</b>	<b>\$ (0.05)</b>	<b>\$ 0.08</b>	<b>\$ 0.63</b>

(1) During the nine months ended September 30, 2017, we recorded net losses on sales of businesses, primarily in our international markets.

(2) During the nine months ended September 30, 2017, we recognized a benefit related to foreign tax credits from distributions of unremitted earnings.

See full reconciliation of adjusted non-GAAP diluted earnings per share on page 21.

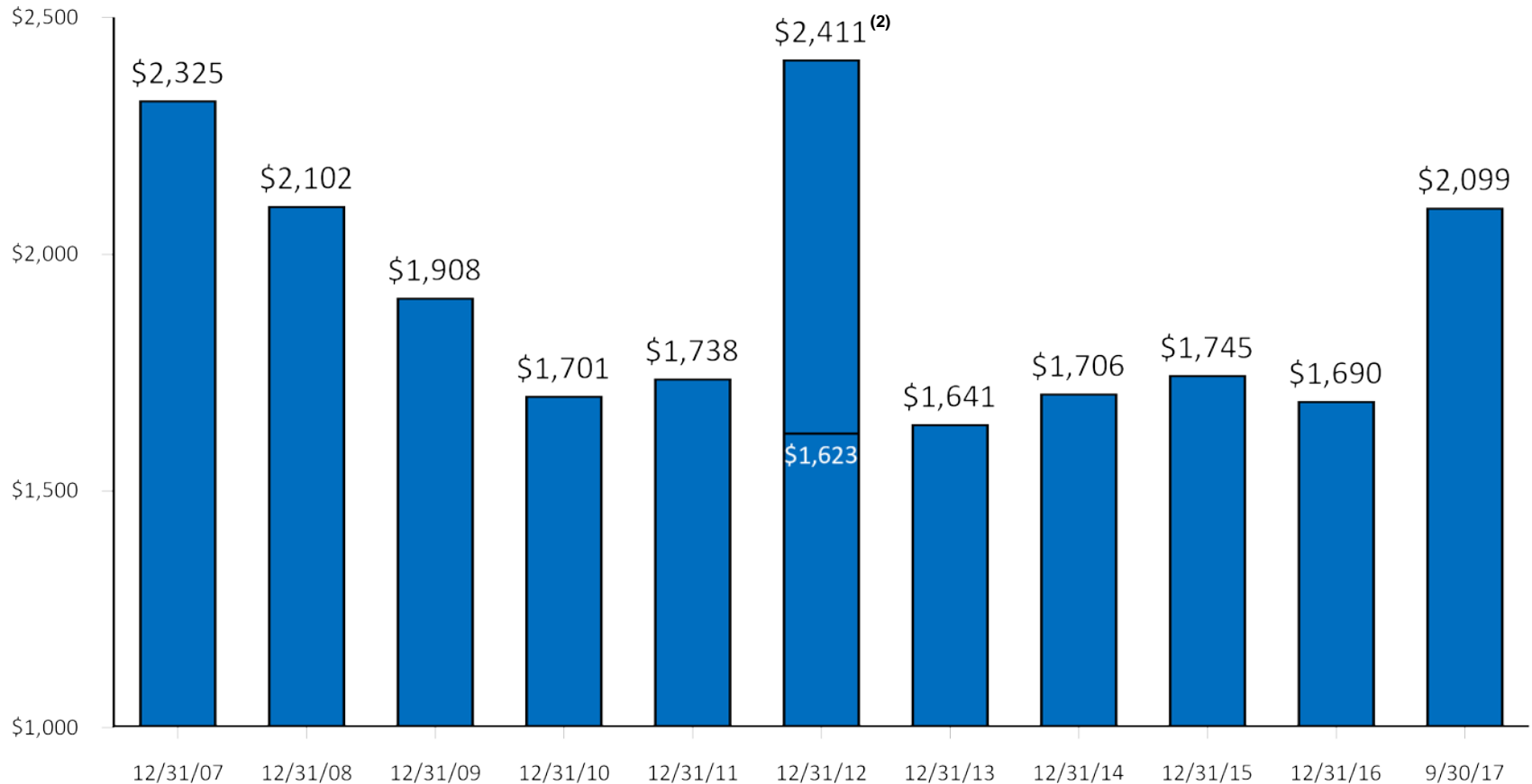
# Cash Flow

	<b>Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>NET INCOME</b>	\$ 261.5	\$ 295.6
<b>OPERATING ACTIVITIES</b>		
Depreciation & amortization	188.5	180.7
Deferred taxes	(1.6)	2.6
Net losses on sales of businesses	20.9	16.1
Other non-cash items	25.6	43.4
Change in working capital, net	(612.5)	(491.8)
Other non-current assets & liabilities	(21.4)	(73.5)
<b>Net cash used in operating activities</b>	<b>(139.0)</b>	<b>(26.9)</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(108.7)	(114.5)
Acquisitions, net of cash acquired	(22.6)	(47.9)
Other investing activities	(9.2)	(5.1)
<b>Net cash used in investing activities</b>	<b>(140.5)</b>	<b>(167.5)</b>
<b>FINANCING ACTIVITIES</b>		
Repurchases of common stock	(216.0)	(193.3)
Common stock dividends	(211.2)	(179.6)
Acquisition-related payments	(49.1)	(36.7)
Tax payments for employee shares withheld	(38.4)	(22.7)
Repayments of long-term debt	(23.6)	(1.1)
Distributions to noncontrolling interests	(16.9)	(10.8)
Net increase (decrease) in short-term borrowings	429.9	(33.9)
Exercise of stock options	12.1	10.2
Other financing activities	0.1	1.0
<b>Net cash used in financing activities</b>	<b>(113.1)</b>	<b>(466.9)</b>
Currency effect	0.4	50.7
<b>Net decrease in cash, cash equivalents and restricted cash</b>	<b>\$ (392.2)</b>	<b>\$ (610.6)</b>

# Balance Sheet – Current Portion

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 704.9	\$ 1,097.6	\$ 891.6
Accounts receivable, net	3,696.1	4,389.7	3,714.4
Expenditures billable to clients	1,742.3	1,518.1	1,843.7
Assets held for sale	8.3	203.2	0.0
Other current assets	312.2	229.4	283.5
<b>Total current assets</b>	<b>\$ 6,463.8</b>	<b>\$ 7,438.0</b>	<b>\$ 6,733.2</b>
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 5,561.1	\$ 6,303.6	\$ 6,051.1
Accrued liabilities	550.7	794.0	631.7
Short-term borrowings	511.8	85.7	107.8
Current portion of long-term debt <sup>(1)</sup>	301.9	323.9	24.5
Liabilities held for sale	20.8	198.8	0.0
<b>Total current liabilities</b>	<b>\$ 6,946.3</b>	<b>\$ 7,706.0</b>	<b>\$ 6,815.1</b>

# Total Debt (1)



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

(2) 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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# Summary

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- Foundation for sustained value creation in top talent and key strategic initiatives, notwithstanding slower industry growth in '17
  - Quality of our agency offerings
  - Embedded digital & digital specialists
  - "Open architecture" solutions
- Effective expense management continues
- Focus is on stronger growth and continued margin improvement
- Financial strength an ongoing source of value creation



Interpublic Group

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# Appendix

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# Operating Performance

	Nine Months Ended September 30,	
	2017	2016
<i>Revenue</i>	\$ 5,541.4	\$ 5,582.1
Salaries and Related Expenses <sup>(1)</sup>	3,742.3	3,726.3
Office and General Expenses	1,343.8	1,400.5
<i>Operating Income</i>	455.3	455.3
Interest Expense	(67.6)	(68.8)
Interest Income	14.0	16.1
Other Expense, net <sup>(1)</sup>	(24.5)	(13.5)
<i>Income Before Income Taxes</i>	377.2	389.1
Provision for Income Taxes	115.8	91.9
Equity in Net Income (Loss) of Unconsolidated Affiliates	0.1	(1.6)
<i>Net Income</i>	261.5	295.6
Net Loss (Income) Attributable to Noncontrolling Interests	0.9	(4.7)
<i>Net Income Available to IPG Common Stockholders</i>	\$ 262.4	\$ 290.9
<i>Earnings per Share Available to IPG Common Stockholders:</i>		
Basic	\$ 0.67	\$ 0.73
Diluted	\$ 0.66	\$ 0.71
<i>Weighted-Average Number of Common Shares Outstanding:</i>		
Basic	391.2	399.5
Diluted	398.6	408.8
<i>Dividends Declared per Common Share</i>	\$ 0.54	\$ 0.45

(1) As part of the adoption of FASB ASU 2017-07, we have reclassified a portion of postretirement costs from Salaries and Related Expenses to Other Expense, net. The amounts reclassified were \$6.4 and \$2.4 for the nine months ended September 30, 2017 and 2016, respectively.

# Cash Flow

	Three Months Ended September 30,	
	2017	2016
<b>NET INCOME</b>	\$ 148.8	\$ 132.7
<b>OPERATING ACTIVITIES</b>		
Depreciation & amortization	57.4	60.2
Deferred taxes	(3.1)	6.8
Net losses (gains) on sales of businesses	8.7	(3.9)
Other non-cash items	6.8	7.1
Change in working capital, net	(198.1)	324.6
Other non-current assets & liabilities	(6.4)	(0.6)
<b>Net cash provided by operating activities</b>	<b>14.1</b>	<b>526.9</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(39.8)	(51.5)
Acquisitions, net of cash acquired	(10.0)	(13.6)
Other investing activities	5.3	(0.2)
<b>Net cash used in investing activities</b>	<b>(44.5)</b>	<b>(65.3)</b>
<b>FINANCING ACTIVITIES</b>		
Repurchases of common stock	(101.0)	(80.8)
Common stock dividends	(69.8)	(59.5)
Acquisition-related payments	(12.8)	(7.5)
Distributions to noncontrolling interests	(6.0)	(3.6)
Tax payments for employee shares withheld	(0.6)	0.0
Repayments of long-term debt	0.0	(0.1)
Exercise of stock options	0.3	0.4
Net increase (decrease) in short-term borrowings	276.4	(88.9)
Other financing activities	(0.2)	0.1
<b>Net cash provided by (used in) financing activities</b>	<b>86.3</b>	<b>(239.9)</b>
Currency effect	(7.8)	(1.9)
<b>Increase in cash, cash equivalents and restricted cash</b>	<b>\$ 48.1</b>	<b>\$ 219.8</b>



# Depreciation and Amortization

	2017				
	Q1	Q2	Q3	Q4	YTD 2017
Depreciation and amortization of fixed assets and intangible assets	\$ 41.0	\$ 41.3	\$ 42.2		\$ 124.5
Amortization of restricted stock and other non-cash compensation	29.7	16.3	13.8		59.8
Net amortization of bond discounts and deferred financing costs	1.4	1.4	1.4		4.2
	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

# Reconciliation of Organic Measures

	Components of Change						Change			
	Three Months Ended September 30, 2016	Foreign Currency	Net Acquisitions / (Divestitures)	Organic	Change in Pass-Throughs	Organic ex-PT	Three Months Ended September 30, 2017	Organic	Organic ex-PT	Total
<b>Segment Revenue</b>										
IAN	\$ 1,503.2	\$ 8.7	\$ (22.4)	\$ 30.7	\$ (5.4)	\$ 36.1	\$ 1,520.2	2.0%	2.4%	1.1%
CMG	419.0	(1.0)	(14.8)	(20.8)	(13.7)	(7.1)	382.4	(5.0%)	(1.7%)	(8.7%)
Total	<u>\$ 1,922.2</u>	<u>\$ 7.7</u>	<u>\$ (37.2)</u>	<u>\$ 9.9</u>	<u>\$ (19.1)</u>	<u>\$ 29.0</u>	<u>\$ 1,902.6</u>	<u>0.5%</u>	<u>1.5%</u>	<u>(1.0%)</u>
<b>Geographic Revenue</b>										
United States	\$ 1,165.9	\$ 0.0	\$ (25.0)	\$ 15.1	\$ (8.6)	\$ 23.7	\$ 1,156.0	1.3%	2.0%	(0.8%)
International	756.3	7.7	(12.2)	(5.2)	(10.5)	5.3	746.6	(0.7%)	0.7%	(1.3%)
United Kingdom	174.0	(4.3)	1.4	5.3	(8.8)	14.1	176.4	3.0%	8.1%	1.4%
Continental Europe	147.6	6.4	(4.0)	0.6	(1.6)	2.2	150.6	0.4%	1.5%	2.0%
Asia Pacific	217.9	0.8	(0.2)	(4.6)	0.2	(4.8)	213.9	(2.1%)	(2.2%)	(1.8%)
Latin America	103.6	2.4	(10.4)	(10.3)	0.4	(10.7)	85.3	(9.9%)	(10.3%)	(17.7%)
All Other Markets	113.2	2.4	1.0	3.8	(0.7)	4.5	120.4	3.4%	4.0%	6.4%
Worldwide	<u>\$ 1,922.2</u>	<u>\$ 7.7</u>	<u>\$ (37.2)</u>	<u>\$ 9.9</u>	<u>\$ (19.1)</u>	<u>\$ 29.0</u>	<u>\$ 1,902.6</u>	<u>0.5%</u>	<u>1.5%</u>	<u>(1.0%)</u>
<b>Expenses</b>										
Salaries & Related	\$ 1,228.0	\$ 4.6	\$ (21.0)	\$ 16.0			\$ 1,227.6	1.3%		0.0%
Office & General	486.2	(0.2)	(13.9)	(16.2)			455.9	(3.3%)		(6.2%)
Total	<u>\$ 1,714.2</u>	<u>\$ 4.4</u>	<u>\$ (34.9)</u>	<u>\$ (0.2)</u>			<u>\$ 1,683.5</u>	<u>0.0%</u>		<u>(1.8%)</u>

# Reconciliation of Organic Measures

	Components of Change						Change			
	Nine Months Ended September 30, 2016	Foreign Currency	Net Acquisitions / (Divestitures)	Organic	Change in Pass-Throughs	Organic ex-PT	Nine Months Ended September 30, 2017	Organic	Organic ex-PT	Total
<b>Segment Revenue</b>										
IAN	\$ 4,453.3	\$ (15.9)	\$ (49.1)	\$ 77.3	\$ (12.5)	\$ 89.8	\$ 4,465.6	1.7%	2.0%	0.3%
CMG	1,128.8	(14.8)	(24.7)	(13.5)	(14.7)	1.2	1,075.8	(1.2%)	0.1%	(4.7%)
Total	<b>\$ 5,582.1</b>	<b>\$ (30.7)</b>	<b>\$ (73.8)</b>	<b>\$ 63.8</b>	<b>\$ (27.2)</b>	<b>\$ 91.0</b>	<b>\$ 5,541.4</b>	<b>1.1%</b>	<b>1.6%</b>	<b>(0.7%)</b>
<b>Geographic Revenue</b>										
United States	\$ 3,426.2	\$ 0.0	\$ (52.5)	\$ 54.6	\$ (9.7)	\$ 64.3	\$ 3,428.3	1.6%	1.9%	0.1%
International	2,155.9	(30.7)	(21.3)	9.2	(17.5)	26.7	2,113.1	0.4%	1.2%	(2.0%)
United Kingdom	495.3	(44.5)	12.5	8.5	(17.9)	26.4	471.8	1.7%	5.3%	(4.7%)
Continental Europe	468.1	(3.9)	(13.3)	6.1	(2.5)	8.6	457.0	1.3%	1.8%	(2.4%)
Asia Pacific	617.7	(0.7)	2.4	(12.0)	2.4	(14.4)	607.4	(1.9%)	(2.3%)	(1.7%)
Latin America	255.7	14.3	(24.6)	(7.9)	0.5	(8.4)	237.5	(3.1%)	(3.3%)	(7.1%)
All Other Markets	319.1	4.1	1.7	14.5	0.0	14.5	339.4	4.5%	4.5%	6.4%
Worldwide	<b>\$ 5,582.1</b>	<b>\$ (30.7)</b>	<b>\$ (73.8)</b>	<b>\$ 63.8</b>	<b>\$ (27.2)</b>	<b>\$ 91.0</b>	<b>\$ 5,541.4</b>	<b>1.1%</b>	<b>1.6%</b>	<b>(0.7%)</b>
<b>Expenses</b>										
Salaries & Related	\$ 3,726.3	\$ (24.6)	\$ (49.4)	\$ 90.0			\$ 3,742.3	2.4%		0.4%
Office & General	1,400.5	(10.8)	(27.9)	(18.0)			1,343.8	(1.3%)		(4.0%)
Total	<b>\$ 5,126.8</b>	<b>\$ (35.4)</b>	<b>\$ (77.3)</b>	<b>\$ 72.0</b>			<b>\$ 5,086.1</b>	<b>1.4%</b>		<b>(0.8%)</b>

# Reconciliation of Organic Revenue Growth

Last Twelve Months Ending	Beginning of Period Revenue	Components of Change During the Period			Ending 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
3/31/17	7,679.8	(124.9)	(7.4)	311.0	7,858.5
6/30/17	7,721.6	(113.2)	(32.9)	250.0	7,825.5
9/30/17	7,778.3	(74.5)	(78.3)	180.4	7,805.9

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

	Three Months Ended September 30, 2017				Nine Months Ended September 30, 2017			
	As Reported	Net Losses on Sales of Businesses	U.S. Federal Tax Credits	Adjusted Results	As Reported	Net Losses on Sales of Businesses	U.S. Federal Tax Credits	Adjusted Results
Income Before Income Taxes	\$ 192.3	\$ (8.7)		\$ 201.0	\$ 377.2	\$ (20.9)		\$ 398.1
Provision for Income Taxes	42.5	1.7	\$ 31.2	75.4	115.8	1.7	\$ 31.2	148.7
<b>Effective Tax Rate</b>	<b>22.1%</b>			<b>37.5%</b>	<b>30.7%</b>			<b>37.4%</b>
Equity in Net (Loss) Income of Unconsolidated Affiliates	(1.0)			(1.0)	0.1			0.1
Net (Income) Loss Attributable to Noncontrolling Interests	(2.6)			(2.6)	0.9			0.9
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 146.2</b>	<b>\$ (7.0)</b>	<b>\$ 31.2</b>	<b>\$ 122.0</b>	<b>\$ 262.4</b>	<b>\$ (19.2)</b>	<b>\$ 31.2</b>	<b>\$ 250.4</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	<b>389.5</b>			<b>389.5</b>	<b>391.2</b>			<b>391.2</b>
Dilutive Effect of Stock Options and Restricted Shares	7.7			7.7	7.4			7.4
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>397.2</b>			<b>397.2</b>	<b>398.6</b>			<b>398.6</b>
<b>Earnings per Share Available to IPG Common Stockholders:</b>								
Basic	\$ 0.38	\$ (0.02)	\$ 0.08	\$ 0.31	\$ 0.67	\$ (0.05)	\$ 0.08	\$ 0.64
Diluted	\$ 0.37	\$ (0.02)	\$ 0.08	\$ 0.31	\$ 0.66	\$ (0.05)	\$ 0.08	\$ 0.63

- (1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the net losses on sales of businesses and a benefit related to foreign tax credits from distributions of unremitted earnings. 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 September 30, 2016		
	As Reported	Gains on Sales of Businesses	Adjusted Results
Income Before Income Taxes	\$ 196.3	\$ 3.9	\$ 192.4
Provision for Income Taxes	63.8		63.8
<b>Effective Tax Rate</b>	<b>32.5%</b>		<b>33.2%</b>
Equity in Net Income of Unconsolidated Affiliates	0.2		0.2
Net Income Attributable to Noncontrolling Interests	(4.1)		(4.1)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 128.6</b>	<b>\$ 3.9</b>	<b>\$ 124.7</b>
<hr/>			
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	397.7		397.7
Dilutive Effect of Stock Options and Restricted Shares	10.2		10.2
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>407.9</b>		<b>407.9</b>
<hr/>			
<b>Earnings per Share Available to IPG Common Stockholders:</b>			
Basic	\$ 0.32	\$ 0.01	\$ 0.31
Diluted	\$ 0.32	\$ 0.01	\$ 0.31

- (1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the gains on sales of businesses in our international markets, primarily in Continental Europe. The effect of the adoption of the Financial Accounting Standards Board Accounting Standards Update 2016-09, which was previously included in this table in 2016, has now been removed as the effect of the adoption is included in both periods presented within this presentation. 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>

	Nine Months Ended September 30, 2016				
	As Reported	Net Losses on Sales of Businesses	Valuation Allowance Reversals	Settlement of Certain Tax Positions	Adjusted Results
Income Before Income Taxes	\$ 389.1	\$ (16.1)			\$ 405.2
Provision for Income Taxes	91.9	0.4	\$ 12.2	\$ 23.4	127.9
<b>Effective Tax Rate</b>	<b>23.6%</b>				<b>31.6%</b>
Equity in Net Loss of Unconsolidated Affiliates	(1.6)				(1.6)
Net Income Attributable to Noncontrolling Interests	(4.7)				(4.7)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 290.9</b>	<b>\$ (15.7)</b>	<b>\$ 12.2</b>	<b>\$ 23.4</b>	<b>\$ 271.0</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	399.5				399.5
Dilutive Effect of Stock Options and Restricted Shares	9.3				9.3
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>408.8</b>				<b>408.8</b>

## Earnings per Share Available to IPG Common Stockholders:

Basic	\$ 0.73	\$ (0.04)	\$ 0.03	\$ 0.06	\$ 0.68
Diluted	\$ 0.71	\$ (0.04)	\$ 0.03	\$ 0.06	\$ 0.66

- (1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the net losses on sales of businesses in our international markets, primarily in Continental Europe, valuation allowance reversals as a result of the disposition of those businesses in Continental Europe and the release of reserves related to the conclusion and settlement of a tax examination of previous tax years. The net losses on sales of businesses amount includes losses on completed dispositions and the classification of certain assets as held for sale during the nine months ended September 2016. The effect of the adoption of the Financial Accounting Standards Board Accounting Standards Update 2016-09, which was previously included in this table in 2016, has now been removed as the effect of the adoption is included in both periods presented within this presentation. 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.



Interpublic Group

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# Metrics Update

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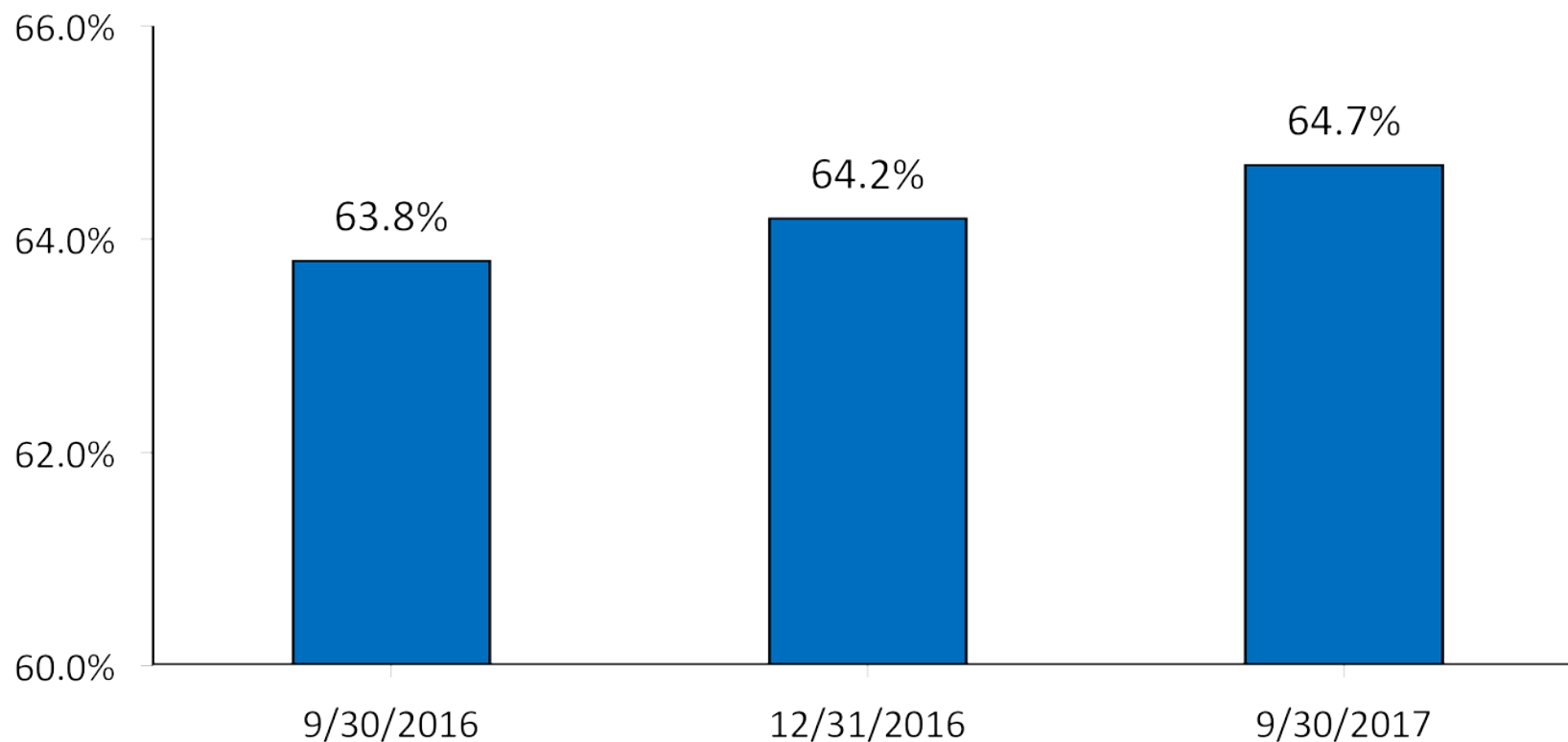


# Metrics Update

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

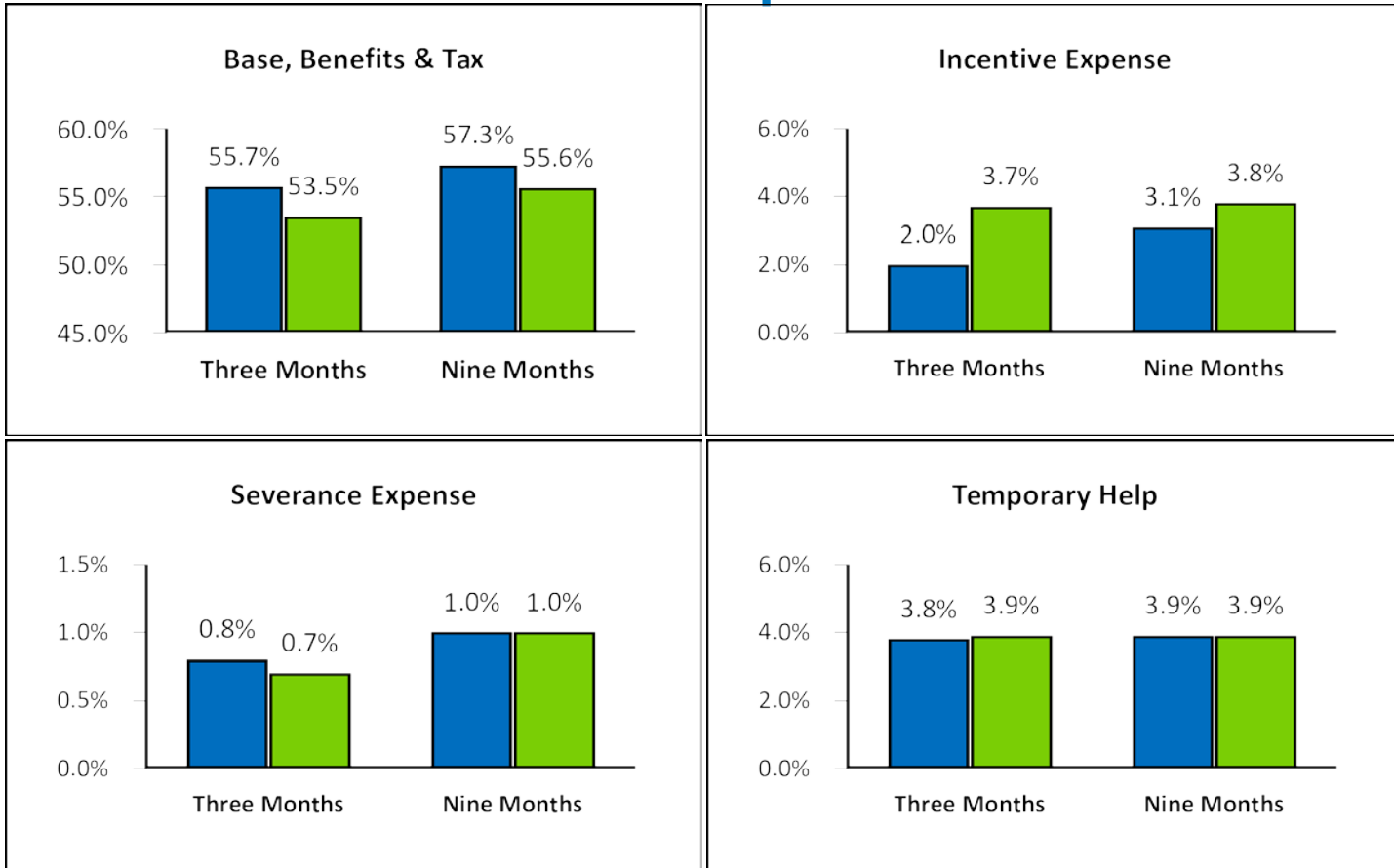
# Salaries & Related Expenses

## % of Revenue, Trailing Twelve Months



# Salaries & Related Expenses (% of Revenue)

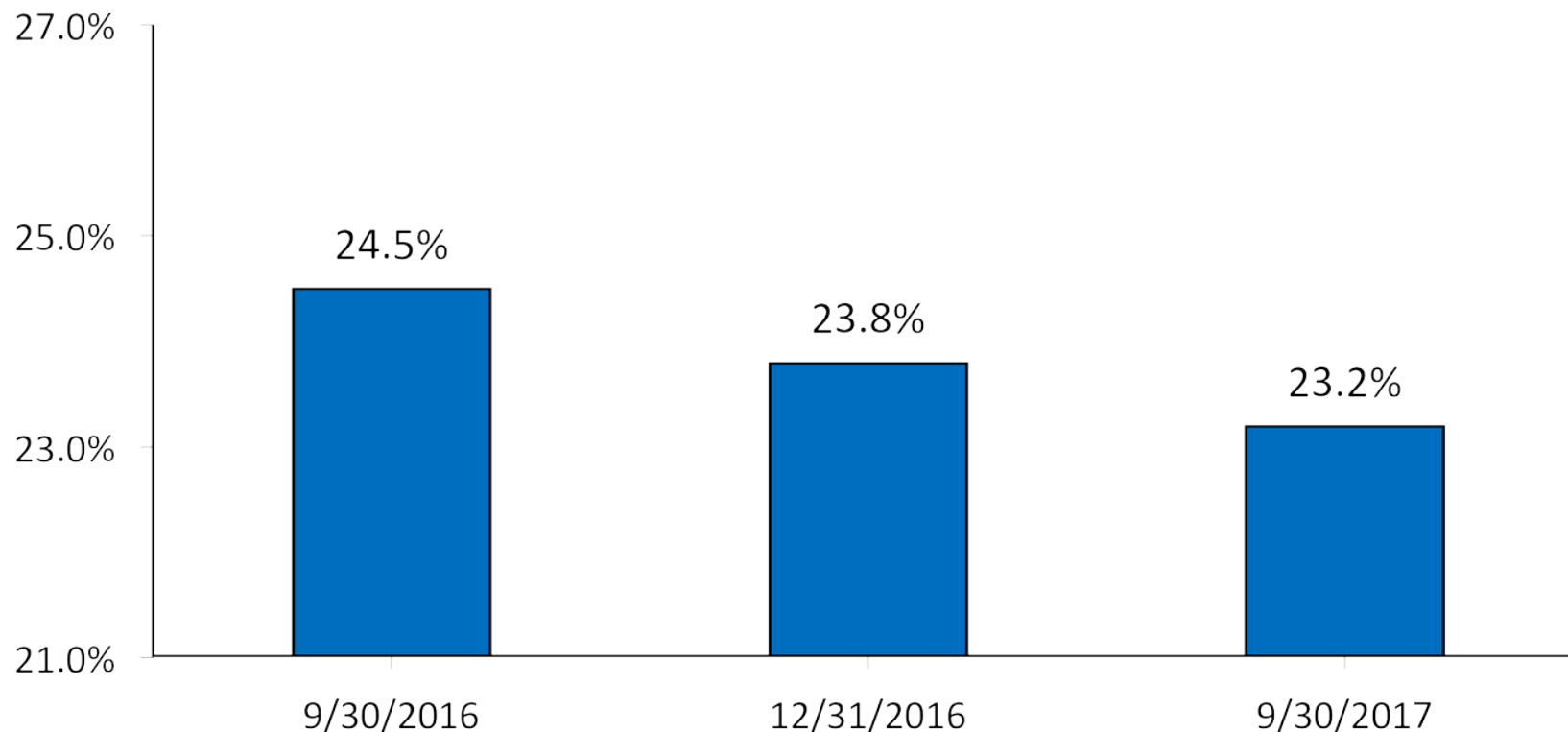
## Three and Nine Months Ended September 30



■ 2017 ■ 2016

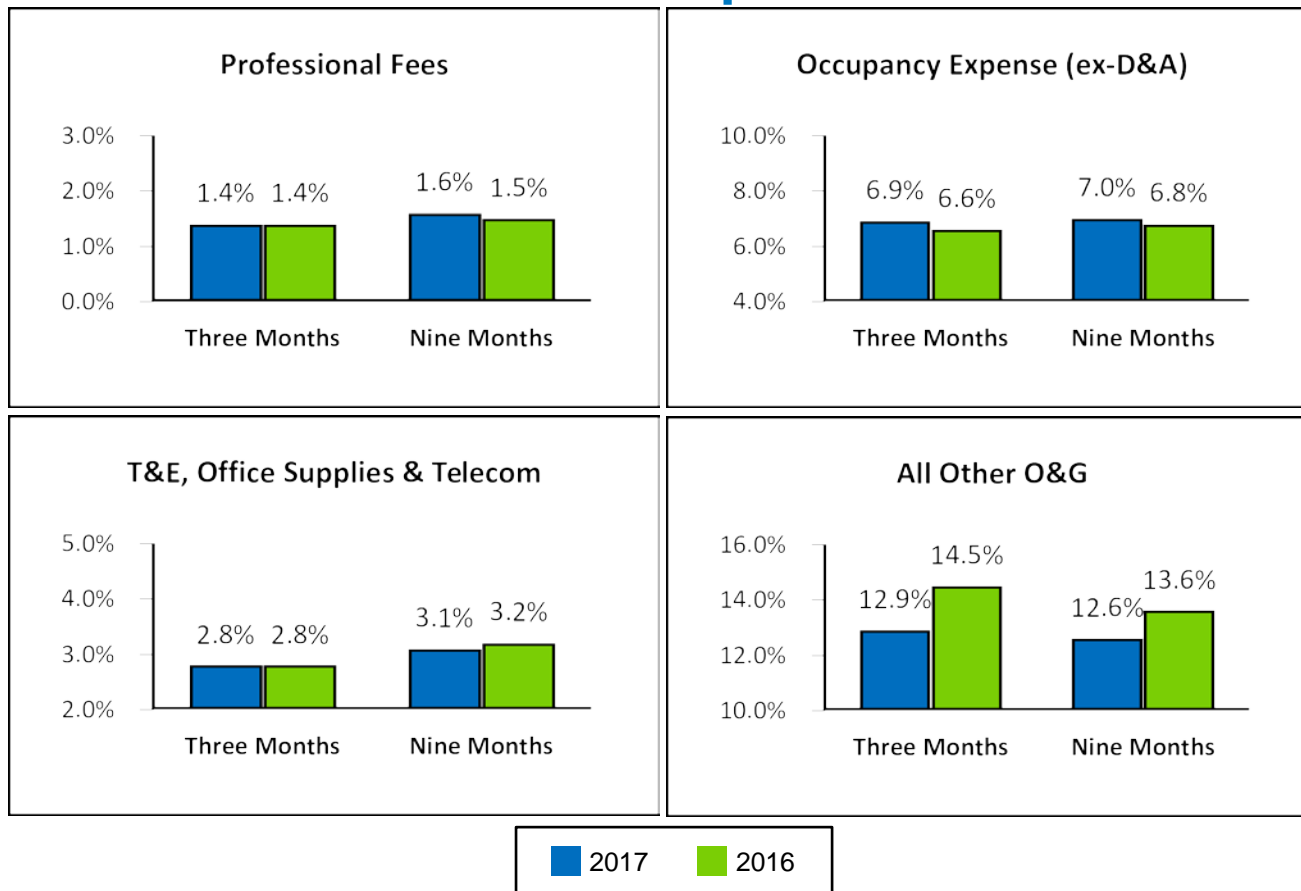
# Office & General Expenses

% of Revenue, Trailing Twelve Months



# Office & General Expenses (% of Revenue)

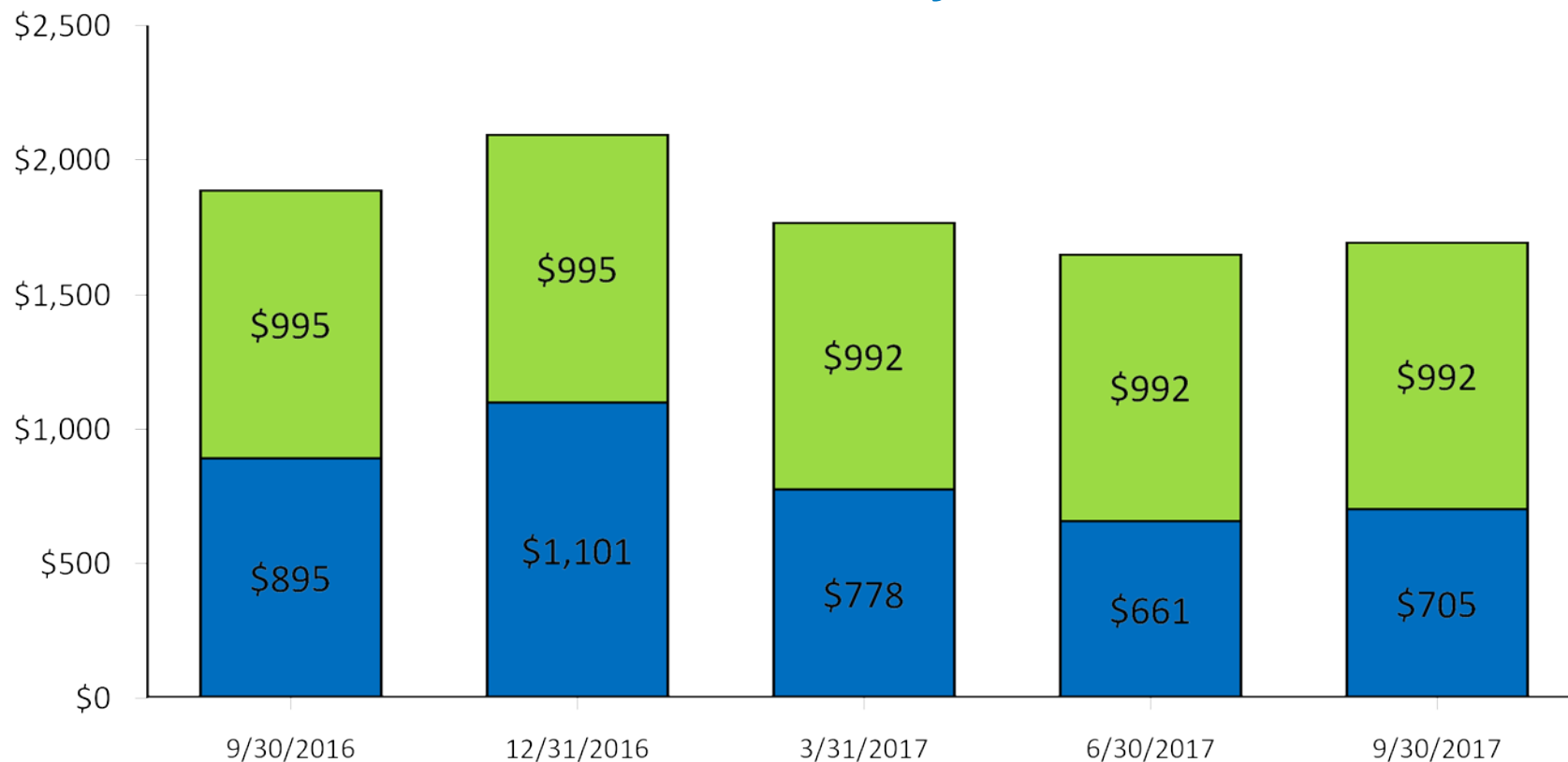
## Three and Nine Months Ended September 30



“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.

# Available Liquidity

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



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

# \$1.0 Billion 5-Year Credit Facility Covenants

Covenants	Last Twelve Months Ended September 30, 2017
I. Interest Coverage Ratio (not less than):	5.00x
Actual Interest Coverage Ratio:	18.05x
II. Leverage Ratio (not greater than):	3.50x
Actual Leverage Ratio:	1.76x
<u>Interest Expense Reconciliation</u>	<u>Last Twelve Months Ended September 30, 2017</u>
Interest Expense:	\$89.4
- Interest income	18.0
- Other	5.2
Net interest expense <sup>(1)</sup> :	<u>\$66.2</u>
<u>EBITDA Reconciliation</u>	<u>Last Twelve Months Ended September 30, 2017</u>
Operating Income:	\$941.0
+ Depreciation and amortization	253.6
EBITDA <sup>(1)</sup> :	<u>\$1,194.6</u>

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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.