



Interpublic Group

FOURTH QUARTER & FULL YEAR 2017 EARNINGS CONFERENCE CALL

February 14, 2018

Overview

- Fourth quarter 2017 revenue increased 3.4%, with organic growth of +3.3% and +2.5% excluding the impact of higher pass-through revenue
 - U.S. organic growth was +3.7%, and was +2.5% excluding the change in pass-through revenue
 - International organic change was +2.9%, and was also +2.5% excluding the change in pass-through revenue
- FY-17 operating margin was 12.4%, an improvement of 40 basis points
- FY-17 diluted EPS was \$1.46, and was \$1.41 as adjusted for sales of businesses and tax items
- FY-17 cash flow from operations was \$882 million
- Repurchased 13.7 million shares during 2017
- Increased quarterly dividend 17% and authorized new \$300 million share repurchase program

Operating Performance

| | Three Months Ended December 31, | |
|--|---------------------------------|------------|
| | 2017 | 2016 |
| <i>Revenue</i> | \$ 2,341.0 | \$ 2,264.5 |
| Salaries and Related Expenses ⁽¹⁾ | 1,325.8 | 1,308.8 |
| Office and General Expenses | 496.9 | 470.0 |
| <i>Operating Income</i> | 518.3 | 485.7 |
| Interest Expense | (23.2) | (21.8) |
| Interest Income | 5.4 | 4.0 |
| Other Expense, net ⁽¹⁾ | (1.7) | (26.8) |
| <i>Income Before Income Taxes</i> | 498.8 | 441.1 |
| Provision for Income Taxes | 166.1 | 106.1 |
| Equity in Net Income of Unconsolidated Affiliates | 0.8 | 1.9 |
| <i>Net Income</i> | 333.5 | 336.9 |
| Net Income Attributable to Noncontrolling Interests | (16.9) | (19.3) |
| <i>Net Income Available to IPG Common Stockholders</i> | \$ 316.6 | \$ 317.6 |

Earnings per Share Available to IPG Common Stockholders:

| | | |
|---------|---------|---------|
| Basic | \$ 0.82 | \$ 0.81 |
| Diluted | \$ 0.81 | \$ 0.78 |

Weighted-Average Number of Common Shares Outstanding:

| | | |
|---------|-------|-------|
| Basic | 385.1 | 393.5 |
| Diluted | 393.2 | 405.2 |

Dividends Declared per Common Share

| | |
|---------|---------|
| \$ 0.18 | \$ 0.15 |
|---------|---------|

- (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 \$3.2 and \$0.6 for the three months ended December 31, 2017 and 2016, respectively.

Revenue

| | Three Months Ended | | Twelve Months Ended | |
|------------------------------------|--------------------|-------------|---------------------|-------------|
| | \$ | % Change | \$ | % Change |
| December 31, 2016 | \$ 2,264.5 | | \$ 7,846.6 | |
| Total change | 76.5 | 3.4% | 35.8 | 0.5% |
| Foreign currency | 27.9 | 1.2% | (2.8) | 0.0% |
| Net acquisitions/(divestitures) | (26.5) | (1.1%) | (100.3) | (1.3%) |
| Organic | 75.1 | 3.3% | 138.9 | 1.8% |
| Change in pass-throughs | 18.8 | 0.8% | (8.3) | (0.1%) |
| Organic ex change in pass-throughs | 56.3 | 2.5% | 147.2 | 1.9% |
| December 31, 2017 | \$ 2,341.0 | | \$ 7,882.4 | |

| | Three Months Ended December 31, | | | | | Twelve Months Ended December 31, | | | | |
|------------|------------------------------------|------------|--------|---------|---------------|-------------------------------------|------------|--------|---------|---------------|
| | | | Change | | | | | Change | | |
| | 2017 | 2016 | Total | Organic | Organic ex-PT | 2017 | 2016 | Total | Organic | Organic ex-PT |
| IAN | \$ 1,931.7 | \$ 1,866.1 | 3.5% | 3.3% | 3.4% | \$ 6,397.3 | \$ 6,319.4 | 1.2% | 2.2% | 2.4% |
| CMG | \$ 409.3 | \$ 398.4 | 2.7% | 3.3% | (1.9%) | \$ 1,485.1 | \$ 1,527.2 | (2.8%) | 0.0% | (0.4%) |

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

Geographic Revenue Change

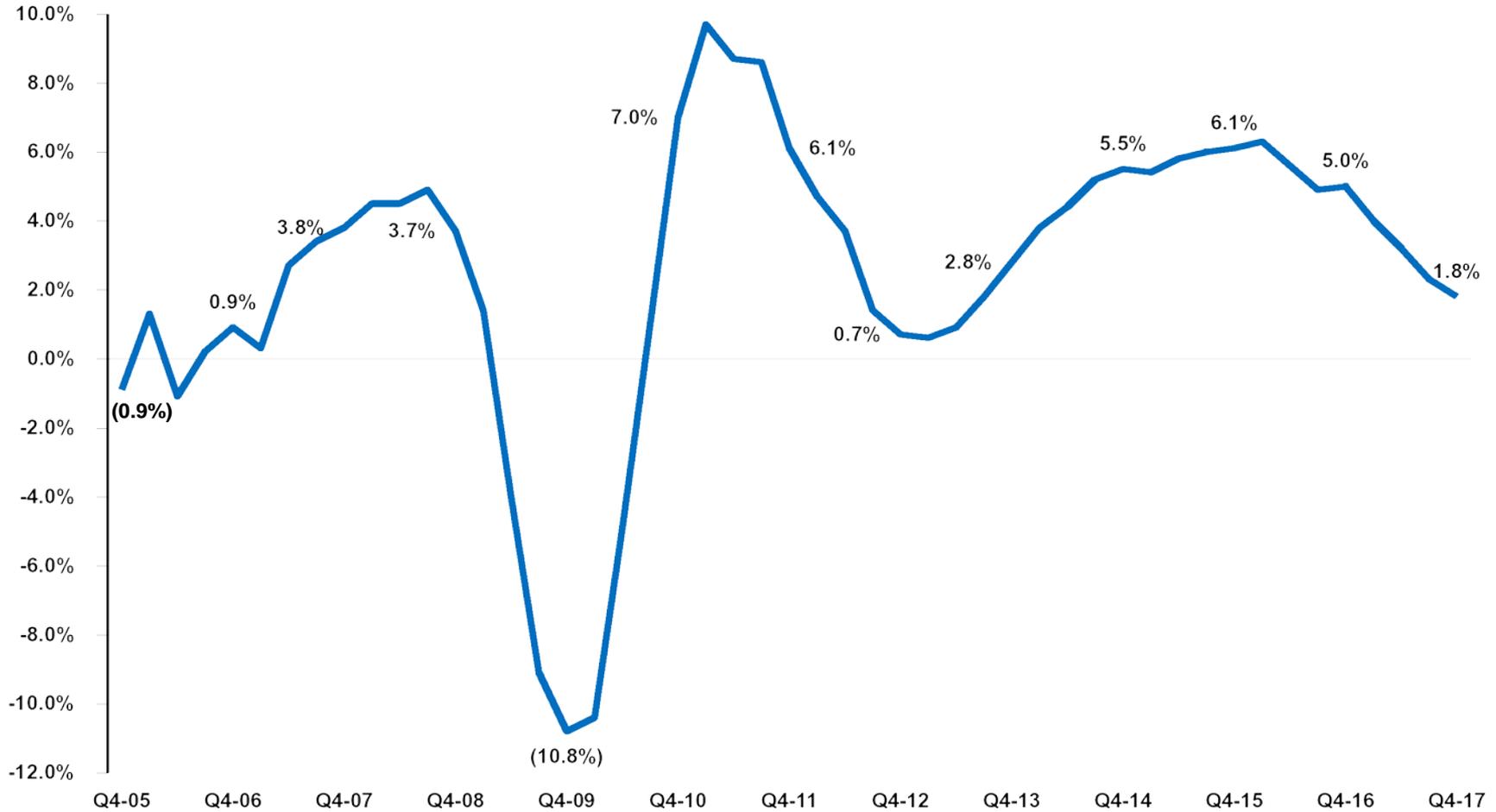
| | Three Months Ended December 31, 2017 | | | Twelve Months Ended December 31, 2017 | | |
|--------------------|---|-------------|------------------|--|-------------|------------------|
| | Total | Organic | Organic ex-PT | Total | Organic | Organic ex-PT |
| United States | 2.2% | 3.7% | 2.5% | 0.6% | 2.2% | 2.0% |
| International | 4.9% | 2.9% | 2.5% | 0.2% | 1.2% | 1.6% |
| United Kingdom | 4.8% | (0.4%) | 1.0% | (2.0%) | 1.1% | 4.1% |
| Continental Europe | 11.8% | 7.9% | 6.6% | 2.3% | 3.5% | 3.4% |
| Asia Pacific | 0.3% | (0.9%) | (2.7%) | (1.0%) | (1.6%) | (2.5%) |
| Latin America | 1.2% | 6.5% | 6.9% | (4.5%) | (0.1%) | (0.1%) |
| All Other Markets | 6.5% | 4.5% | 4.9% | 6.4% | 4.5% | 4.6% |
| Worldwide | 3.4% | 3.3% | 2.5% | 0.5% | 1.8% | 1.9% |

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



Organic Revenue Growth

Trailing Twelve Months



Operating Expenses

Salaries & Related

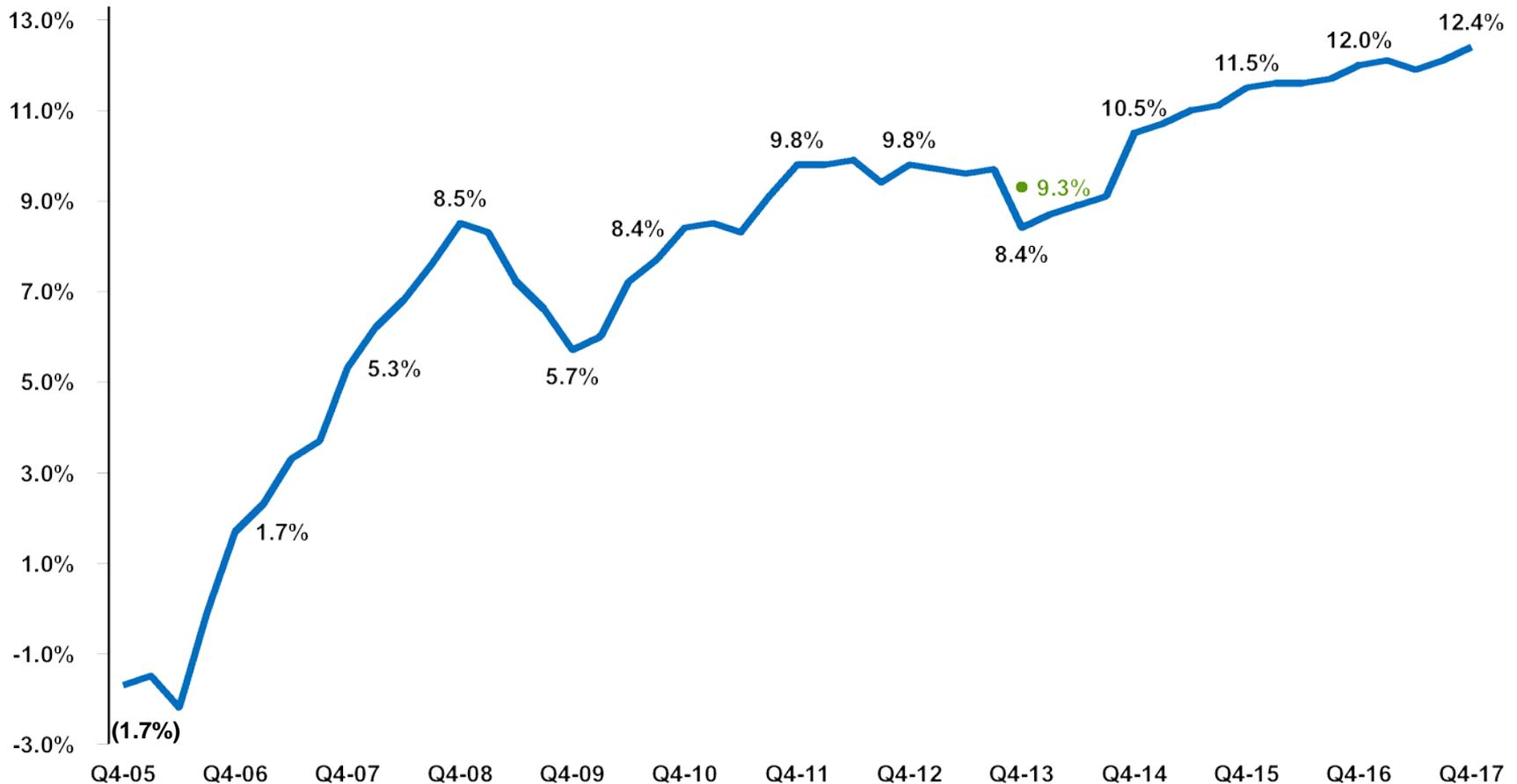
| | 2017 | 2016 | Change | | |
|---|---------------------|---------------------|---------|-------|---------|
| | | | \$ | Total | Organic |
| Three Months Ended December 31, <i>% of Revenue</i> | \$ 1,325.8 56.6% | \$ 1,308.8 57.8% | \$ 17.0 | 1.3% | 0.9% |
| Twelve Months Ended December 31, <i>% of Revenue</i> | \$ 5,068.1 64.3% | \$ 5,035.1 64.2% | \$ 33.0 | 0.7% | 2.0% |

Office & General

| | 2017 | 2016 | Change | | |
|---|---------------------|---------------------|-----------|--------|---------|
| | | | \$ | Total | Organic |
| Three Months Ended December 31, <i>% of Revenue</i> | \$ 496.9 21.2% | \$ 470.0 20.8% | \$ 26.9 | 5.7% | 5.8% |
| Twelve Months Ended December 31, <i>% of Revenue</i> | \$ 1,840.7 23.4% | \$ 1,870.5 23.8% | \$ (29.8) | (1.6%) | 0.5% |

Operating Margin

Trailing Twelve Months



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

Adjusted Diluted Earnings Per Share

Three Months Ended December 31, 2017

| | As Reported | Net Losses on Sales of Businesses ⁽¹⁾ | U.S. Federal Tax Credits ⁽²⁾ | Net Impact of U.S. Tax Reform ⁽³⁾ | Adjusted Results |
|--|----------------|--|---|--|------------------|
| Income Before Income Taxes | \$ 498.8 | \$ (3.2) | | | \$ 502.0 |
| Provision for Income Taxes | 166.1 | 5.7 | \$ (31.2) | \$ 36.0 | 176.6 |
| Effective Tax Rate | 33.3% | | | | 35.2% |
| Diluted EPS Components: | | | | | |
| Net Income Available to IPG Common Stockholders | \$ 316.6 | \$ 2.5 | \$ (31.2) | \$ 36.0 | \$ 309.3 |
| Weighted-Average Number of Common Shares Outstanding | 393.2 | | | | 393.2 |
| Earnings Per Share Available to IPG Common Stockholders | \$ 0.81 | \$ 0.01 | \$ (0.08) | \$ 0.09 | \$ 0.79 |

- (1) During the three months ended December 31, 2017, we recorded net losses on sales of businesses, primarily in our international markets.
- (2) During the three months ended December 31, 2017, we reversed the tax benefit recorded during the three months ended September 30, 2017 related to foreign tax credits as a result of the enactment of the Tax Cuts and Jobs Act.
- (3) During the three months ended December 31, 2017, we recorded a net benefit as a result of the enactment of the Tax Cuts and Jobs Act, primarily consisting of a benefit of \$104.7 on the remeasurement of deferred tax assets and liabilities, partially offset by a charge of \$62.3 on the deemed repatriation of unremitted foreign earnings.

Adjusted Diluted Earnings Per Share

| | Twelve Months Ended December 31, 2017 | | | |
|--|---------------------------------------|--|--|------------------|
| | As Reported | Net Losses on Sales of Businesses ⁽¹⁾ | Net Impact of U.S. Tax Reform ⁽²⁾ | Adjusted Results |
| Income Before Income Taxes | \$ 876.0 | \$ (24.1) | | \$ 900.1 |
| Provision for Income Taxes | 281.9 | 7.4 | \$ 36.0 | 325.3 |
| Effective Tax Rate | 32.2% | | | 36.1% |
| <u>Diluted EPS Components:</u> | | | | |
| Net Income Available to IPG Common Stockholders | \$ 579.0 | \$ (16.7) | \$ 36.0 | \$ 559.7 |
| Weighted-Average Number of Common Shares Outstanding | 397.3 | | | 397.3 |
| Earnings Per Share Available to IPG Common Stockholders | \$ 1.46 | \$ (0.04) | \$ 0.09 | \$ 1.41 |

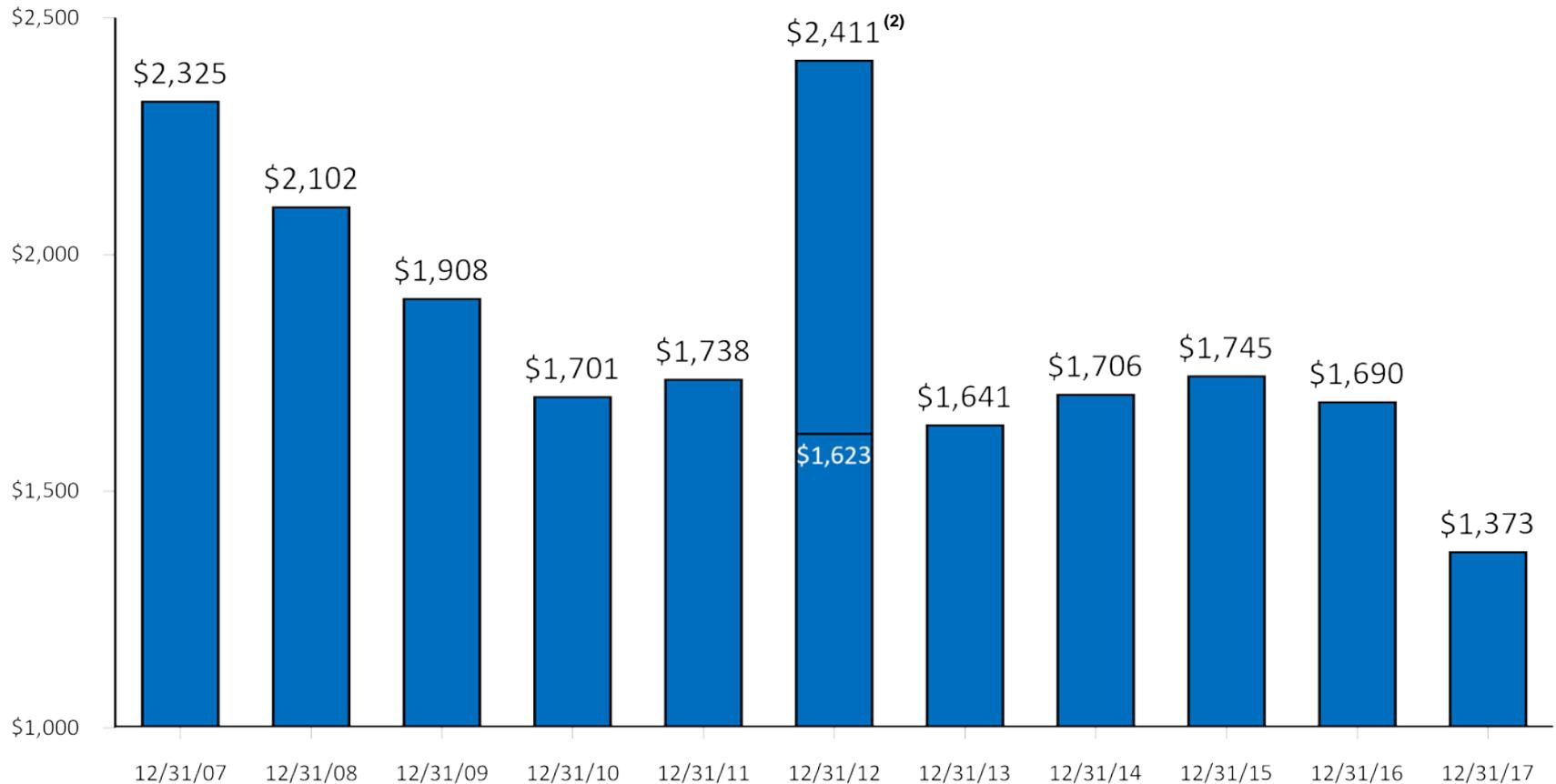
- (1) During the twelve months ended December 31, 2017, we recorded net losses on sales of businesses, primarily in our international markets.
- (2) During the three months ended December 31, 2017, we recorded a net benefit as a result of the enactment of the Tax Cuts and Jobs Act, primarily consisting of a benefit of \$104.7 on the remeasurement of deferred tax assets and liabilities, partially offset by a charge of \$62.3 on the deemed repatriation of unremitted foreign earnings.



Cash Flow

| | <u>Twelve Months Ended December 31,</u> | |
|---|---|-------------------|
| | <u>2017</u> | <u>2016</u> |
| NET INCOME | \$ 595.0 | \$ 632.5 |
| OPERATING ACTIVITIES | | |
| Depreciation & amortization | 244.9 | 251.4 |
| Deferred taxes | 4.6 | 45.7 |
| Net losses on sales of businesses | 24.1 | 41.4 |
| Other non-cash items | 22.2 | 52.2 |
| Change in working capital, net | (28.4) | (414.9) |
| Change in other non-current assets & liabilities | 19.4 | (95.5) |
| Net cash provided by operating activities | 881.8 | 512.8 |
| INVESTING ACTIVITIES | | |
| Capital expenditures | (155.9) | (200.7) |
| Acquisitions, net of cash acquired | (30.6) | (52.0) |
| Other investing activities | (9.7) | (11.2) |
| Net cash used in investing activities | (196.2) | (263.9) |
| FINANCING ACTIVITIES | | |
| Repayments of long-term debt | (324.6) | (1.8) |
| Repurchases of common stock | (300.1) | (303.3) |
| Common stock dividends | (280.3) | (238.4) |
| Acquisition-related payments | (53.7) | (40.8) |
| Tax payments for employee shares withheld | (38.8) | (23.1) |
| Distributions to noncontrolling interests | (20.4) | (13.7) |
| Exercise of stock options | 13.1 | 10.2 |
| Net increase (decrease) in short-term borrowings | 3.0 | (56.2) |
| Other financing activities | (3.1) | 0.7 |
| Net cash used in financing activities | (1,004.9) | (666.4) |
| Currency effect | 16.8 | 11.6 |
| Net decrease in cash, cash equivalents and restricted cash | \$ (302.5) | \$ (405.9) |

Total Debt (1)



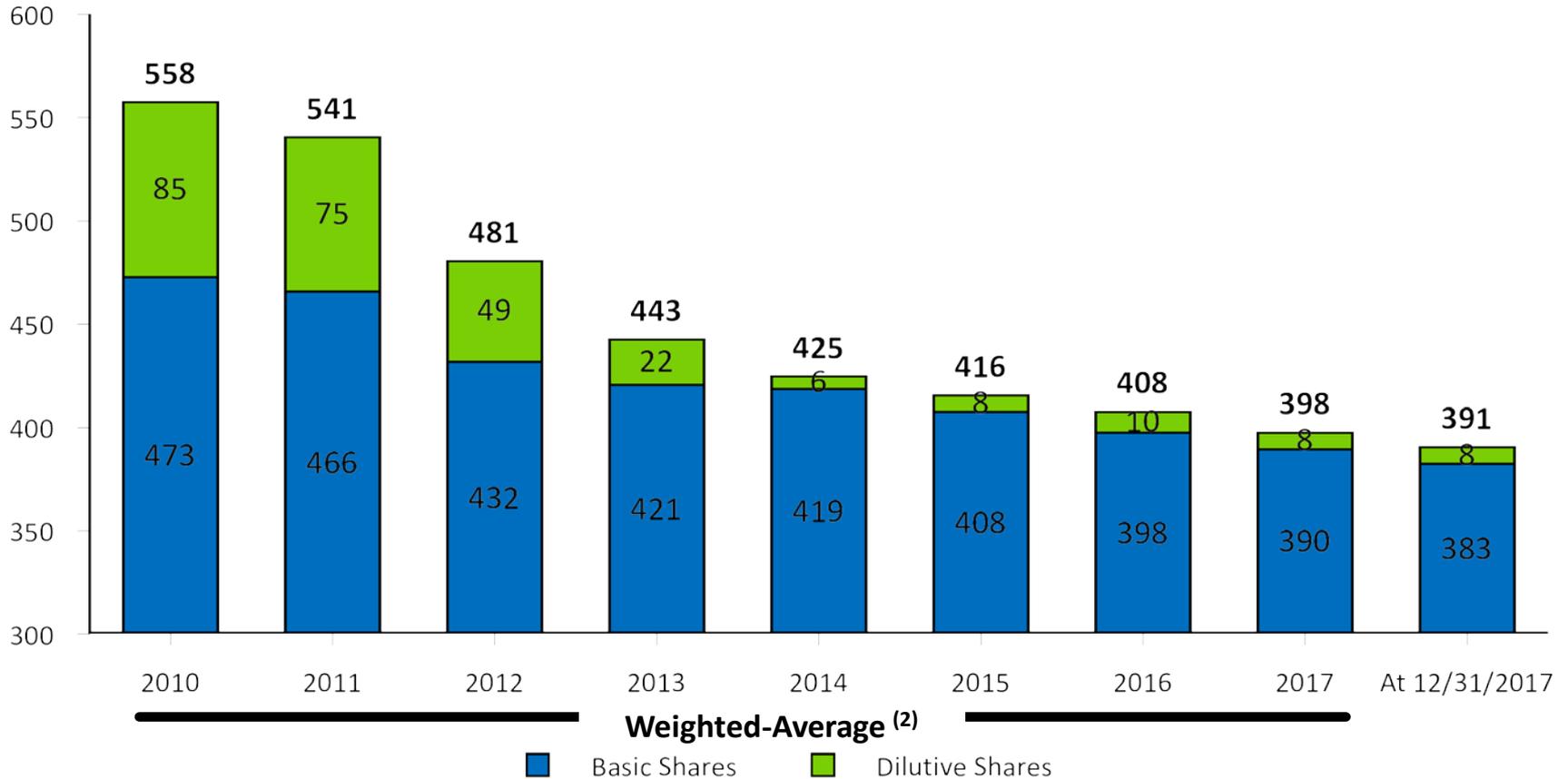
(1) Includes current portion of long-term debt, short-term borrowings and long-term debt.

(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.

Balance Sheet – Current Portion

| | <u>December 31, 2017</u> | <u>December 31, 2016</u> |
|--|--------------------------|--------------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 790.9 | \$ 1,097.6 |
| Accounts receivable, net | 4,585.0 | 4,389.7 |
| Expenditures billable to clients | 1,747.4 | 1,518.1 |
| Assets held for sale | 5.7 | 203.2 |
| Other current assets | 330.1 | 229.4 |
| Total current assets | \$ 7,459.1 | \$ 7,438.0 |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 6,907.8 | \$ 6,303.6 |
| Accrued liabilities | 674.7 | 794.0 |
| Short-term borrowings | 84.9 | 85.7 |
| Current portion of long-term debt ⁽¹⁾ | 2.0 | 323.9 |
| Liabilities held for sale | 8.8 | 198.8 |
| Total current liabilities | \$ 7,678.2 | \$ 7,706.0 |

Total Shares: Basic and Eligible for Dilution ⁽¹⁾



- (1) Includes basic common shares outstanding, restricted shares, in-the-money stock options and convertible debt and preferred stock eligible for dilution.
- (2) Equals weighted-average shares outstanding as defined above for the twelve months ending December 31st for the periods presented.

Summary

- Foundation for sustained value creation in top talent and key strategic initiatives
 - 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
 - Increased dividend
 - New share repurchase authorization



Interpublic Group

Appendix

Operating Performance

| | Twelve Months Ended December 31, | |
|---|----------------------------------|------------|
| | 2017 | 2016 |
| Revenue | \$ 7,882.4 | \$ 7,846.6 |
| Salaries and Related Expenses ⁽¹⁾ | 5,068.1 | 5,035.1 |
| Office and General Expenses | 1,840.7 | 1,870.5 |
| Operating Income | 973.6 | 941.0 |
| Interest Expense | (90.8) | (90.6) |
| Interest Income | 19.4 | 20.1 |
| Other Expense, net ⁽¹⁾ | (26.2) | (40.3) |
| Income Before Income Taxes | 876.0 | 830.2 |
| Provision for Income Taxes | 281.9 | 198.0 |
| Equity in Net Income of Unconsolidated Affiliates | 0.9 | 0.3 |
| Net Income | 595.0 | 632.5 |
| Net Income Attributable to Noncontrolling Interests | (16.0) | (24.0) |
| Net Income Available to IPG Common Stockholders | \$ 579.0 | \$ 608.5 |
| Earnings per Share Available to IPG Common Stockholders: | | |
| Basic | \$ 1.49 | \$ 1.53 |
| Diluted | \$ 1.46 | \$ 1.49 |
| Weighted-Average Number of Common Shares Outstanding: | | |
| Basic | 389.6 | 397.9 |
| Diluted | 397.3 | 408.0 |
| Dividends Declared per Common Share | \$ 0.72 | \$ 0.60 |

(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 \$9.6 and \$3.0 for the twelve months ended December 31, 2017 and 2016, respectively.

Cash Flow

| | Three Months Ended December 31, | |
|---|--|-----------------|
| | 2017 | 2016 |
| NET INCOME | \$ 333.5 | \$ 336.9 |
| OPERATING ACTIVITIES | | |
| Depreciation & amortization | 56.4 | 70.7 |
| Deferred taxes | 6.2 | 43.1 |
| Net losses on sales of businesses | 3.2 | 25.3 |
| Other non-cash items | (3.4) | 8.8 |
| Change in working capital, net | 584.1 | 76.9 |
| Change in other non-current assets & liabilities | 40.8 | (22.0) |
| Net cash provided by operating activities | 1,020.8 | 539.7 |
| INVESTING ACTIVITIES | | |
| Capital expenditures | (47.2) | (86.2) |
| Acquisitions, net of cash acquired | (8.0) | (4.1) |
| Other investing activities | (0.5) | (6.1) |
| Net cash used in investing activities | (55.7) | (96.4) |
| FINANCING ACTIVITIES | | |
| Net decrease in short-term borrowings | (426.9) | (22.3) |
| Repayments of long-term debt | (301.0) | (0.7) |
| Repurchases of common stock | (84.1) | (110.0) |
| Common stock dividends | (69.1) | (58.8) |
| Acquisition-related payments | (4.6) | (4.1) |
| Distributions to noncontrolling interests | (3.5) | (2.9) |
| Tax payments for employee shares withheld | (0.4) | (0.4) |
| Exercise of stock options | 1.0 | 0.0 |
| Other financing activities | (3.2) | (0.3) |
| Net cash used in financing activities | (891.8) | (199.5) |
| Currency effect | 16.4 | (39.1) |
| Net increase in cash, cash equivalents and restricted cash | \$ 89.7 | \$ 204.7 |

Depreciation and Amortization

| | 2017 | | | | |
|---|---------|---------|---------|---------|----------|
| | Q1 | Q2 | Q3 | Q4 | FY 2017 |
| Depreciation and amortization of fixed assets and intangible assets | \$ 41.0 | \$ 41.3 | \$ 42.2 | \$ 32.6 | \$ 157.1 |
| Amortization of restricted stock and other non-cash compensation | 29.7 | 16.3 | 13.8 | 22.2 | 82.0 |
| Net amortization of bond discounts and deferred financing costs | 1.4 | 1.4 | 1.4 | 1.6 | 5.8 |
| | | | | | |
| | 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 December 31, 2016 | Foreign Currency | Net Acquisitions / (Divestitures) | Organic | Change in Pass-Throughs | Organic ex-PT | Three Months Ended December 31, 2017 | Organic | Organic ex-PT | Total |
| Segment Revenue | | | | | | | | | | |
| IAN | \$ 1,866.1 | \$ 22.4 | \$ (18.6) | \$ 61.8 | \$ (2.0) | \$ 63.8 | \$ 1,931.7 | 3.3% | 3.4% | 3.5% |
| CMG | 398.4 | 5.5 | (7.9) | 13.3 | 20.8 | (7.5) | 409.3 | 3.3% | (1.9%) | 2.7% |
| Total | \$ 2,264.5 | \$ 27.9 | \$ (26.5) | \$ 75.1 | \$ 18.8 | \$ 56.3 | \$ 2,341.0 | 3.3% | 2.5% | 3.4% |
| Geographic Revenue | | | | | | | | | | |
| United States | \$ 1,258.6 | \$ 0.0 | \$ (18.9) | \$ 46.3 | \$ 14.7 | \$ 31.6 | \$ 1,286.0 | 3.7% | 2.5% | 2.2% |
| International | 1,005.9 | 27.9 | (7.6) | 28.8 | 4.1 | 24.7 | 1,055.0 | 2.9% | 2.5% | 4.9% |
| United Kingdom | 200.4 | 8.1 | 2.4 | (0.9) | (3.0) | 2.1 | 210.0 | (0.4%) | 1.0% | 4.8% |
| Continental Europe | 231.7 | 13.4 | (4.2) | 18.2 | 2.8 | 15.4 | 259.1 | 7.9% | 6.6% | 11.8% |
| Asia Pacific | 305.3 | 3.7 | 0.1 | (2.9) | 5.4 | (8.3) | 306.2 | (0.9%) | (2.7%) | 0.3% |
| Latin America | 117.0 | 0.6 | (6.8) | 7.6 | (0.5) | 8.1 | 118.4 | 6.5% | 6.9% | 1.2% |
| All Other Markets | 151.5 | 2.1 | 0.9 | 6.8 | (0.6) | 7.4 | 161.3 | 4.5% | 4.9% | 6.5% |
| Worldwide | \$ 2,264.5 | \$ 27.9 | \$ (26.5) | \$ 75.1 | \$ 18.8 | \$ 56.3 | \$ 2,341.0 | 3.3% | 2.5% | 3.4% |
| Expenses | | | | | | | | | | |
| Salaries & Related | \$ 1,308.8 | \$ 20.5 | \$ (15.8) | \$ 12.3 | | | \$ 1,325.8 | 0.9% | | 1.3% |
| Office & General | 470.0 | 8.3 | (8.8) | 27.4 | | | 496.9 | 5.8% | | 5.7% |
| Total | \$ 1,778.8 | \$ 28.8 | \$ (24.6) | \$ 39.7 | | | \$ 1,822.7 | 2.2% | | 2.5% |

Reconciliation of Organic Measures

| | Components of Change | | | | | | Change | | | |
|---------------------------|---------------------------------------|------------------|-----------------------------------|-----------------|-------------------------|-----------------|---------------------------------------|-------------|---------------|-------------|
| | Twelve Months Ended December 31, 2016 | Foreign Currency | Net Acquisitions / (Divestitures) | Organic | Change in Pass-Throughs | Organic ex-PT | Twelve Months Ended December 31, 2017 | Organic | Organic ex-PT | Total |
| Segment Revenue | | | | | | | | | | |
| IAN | \$ 6,319.4 | \$ 6.5 | \$ (67.7) | \$ 139.1 | \$ (14.5) | \$ 153.6 | \$ 6,397.3 | 2.2% | 2.4% | 1.2% |
| CMG | 1,527.2 | (9.3) | (32.6) | (0.2) | 6.2 | (6.4) | 1,485.1 | 0.0% | (0.4%) | (2.8%) |
| Total | \$ 7,846.6 | \$ (2.8) | \$ (100.3) | \$ 138.9 | \$ (8.3) | \$ 147.2 | \$ 7,882.4 | 1.8% | 1.9% | 0.5% |
| Geographic Revenue | | | | | | | | | | |
| United States | \$ 4,684.8 | \$ 0.0 | \$ (71.4) | \$ 100.9 | \$ 4.9 | \$ 96.0 | \$ 4,714.3 | 2.2% | 2.0% | 0.6% |
| International | 3,161.8 | (2.8) | (28.9) | 38.0 | (13.2) | 51.2 | 3,168.1 | 1.2% | 1.6% | 0.2% |
| United Kingdom | 695.7 | (36.4) | 14.9 | 7.6 | (21.0) | 28.6 | 681.8 | 1.1% | 4.1% | (2.0%) |
| Continental Europe | 699.8 | 9.5 | (17.5) | 24.3 | 0.3 | 24.0 | 716.1 | 3.5% | 3.4% | 2.3% |
| Asia Pacific | 923.0 | 3.0 | 2.5 | (14.9) | 7.8 | (22.7) | 913.6 | (1.6%) | (2.5%) | (1.0%) |
| Latin America | 372.7 | 14.9 | (31.4) | (0.3) | 0.1 | (0.4) | 355.9 | (0.1%) | (0.1%) | (4.5%) |
| All Other Markets | 470.6 | 6.2 | 2.6 | 21.3 | (0.4) | 21.7 | 500.7 | 4.5% | 4.6% | 6.4% |
| Worldwide | \$ 7,846.6 | \$ (2.8) | \$ (100.3) | \$ 138.9 | \$ (8.3) | \$ 147.2 | \$ 7,882.4 | 1.8% | 1.9% | 0.5% |
| Expenses | | | | | | | | | | |
| Salaries & Related | \$ 5,035.1 | \$ (4.1) | \$ (65.2) | \$ 102.3 | | | \$ 5,068.1 | 2.0% | | 0.7% |
| Office & General | 1,870.5 | (2.5) | (36.7) | 9.4 | | | 1,840.7 | 0.5% | | (1.6%) |
| Total | \$ 6,905.6 | \$ (6.6) | \$ (101.9) | \$ 111.7 | | | \$ 6,908.8 | 1.6% | | 0.0% |

Reconciliation of Adjusted Results (1)

| | Three Months Ended December 31, 2017 | | | | |
|---|--------------------------------------|-----------------------------------|--------------------------|-------------------------------|------------------|
| | As Reported | Net Losses on Sales of Businesses | U.S. Federal Tax Credits | Net Impact of U.S. Tax Reform | Adjusted Results |
| Income Before Income Taxes | \$ 498.8 | \$ (3.2) | | | \$ 502.0 |
| Provision for Income Taxes | 166.1 | 5.7 | \$ (31.2) | \$ 36.0 | 176.6 |
| Effective Tax Rate | 33.3% | | | | 35.2% |
| Equity in Net Income of Unconsolidated Affiliates | 0.8 | | | | 0.8 |
| Net Income Attributable to Noncontrolling Interests | (16.9) | | | | (16.9) |
| Net Income Available to IPG Common Stockholders | \$ 316.6 | \$ 2.5 | \$ (31.2) | \$ 36.0 | \$ 309.3 |
| Weighted-Average Number of Common Shares Outstanding - Basic | 385.1 | | | | 385.1 |
| Dilutive Effect of Stock Options and Restricted Shares | 8.1 | | | | 8.1 |
| Weighted-Average Number of Common Shares Outstanding - Diluted | 393.2 | | | | 393.2 |
| Earnings per Share Available to IPG Common Stockholders: | | | | | |
| Basic | \$ 0.82 | \$ 0.01 | \$ (0.08) | \$ 0.09 | \$ 0.80 |
| Diluted | \$ 0.81 | \$ 0.01 | \$ (0.08) | \$ 0.09 | \$ 0.79 |

- (1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the net losses on sales of businesses, the reversal of the Q3 2017 benefit related to foreign tax credits, and the net impact of the Tax Cuts and Jobs Act. 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 ⁽¹⁾

| | Twelve Months Ended December 31, 2017 | | | |
|---|---------------------------------------|-----------------------------------|-------------------------------|------------------|
| | As Reported | Net Losses on Sales of Businesses | Net Impact of U.S. Tax Reform | Adjusted Results |
| Income Before Income Taxes | \$ 876.0 | \$ (24.1) | | \$ 900.1 |
| Provision for Income Taxes | 281.9 | 7.4 | \$ 36.0 | 325.3 |
| Effective Tax Rate | 32.2% | | | 36.1% |
| Equity in Net Income of Unconsolidated Affiliates | 0.9 | | | 0.9 |
| Net Income Attributable to Noncontrolling Interests | (16.0) | | | (16.0) |
| Net Income Available to IPG Common Stockholders | \$ 579.0 | \$ (16.7) | \$ 36.0 | \$ 559.7 |
| Weighted-Average Number of Common Shares Outstanding - Basic | 389.6 | | | 389.6 |
| Dilutive Effect of Stock Options and Restricted Shares | 7.7 | | | 7.7 |
| Weighted-Average Number of Common Shares Outstanding - Diluted | 397.3 | | | 397.3 |
| Earnings per Share Available to IPG Common Stockholders: | | | | |
| Basic | \$ 1.49 | \$ (0.04) | \$ 0.09 | \$ 1.44 |
| Diluted | \$ 1.46 | \$ (0.04) | \$ 0.09 | \$ 1.41 |

- (1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the net losses on sales of businesses and the net impact of the Tax Cuts and Jobs Act. 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 ⁽¹⁾

| | Three Months Ended December 31, 2016 | | | |
|--|--------------------------------------|-----------------------------------|--------------------------|------------------|
| | As Reported | Net Losses on Sales of Businesses | U.S. Federal Tax Credits | Adjusted Results |
| Income Before Income Taxes | \$ 441.1 | \$ (25.3) | | \$ 466.4 |
| Provision for Income Taxes | 106.1 | 2.0 | \$ 37.4 | 145.5 |
| Effective Tax Rate | 24.1% | | | 31.2% |
| Equity in Net Income of Unconsolidated Affiliates | 1.9 | | | 1.9 |
| Net Income Attributable to Noncontrolling Interests | (19.3) | | | (19.3) |
| Net Income Available to IPG Common Stockholders | \$ 317.6 | \$ (23.3) | \$ 37.4 | \$ 303.5 |

| | | |
|---|--------------|--------------|
| Weighted-Average Number of Common Shares Outstanding - Basic | 393.5 | 393.5 |
| Dilutive Effect of Stock Options and Restricted Shares | 11.7 | 11.7 |
| Weighted-Average Number of Common Shares Outstanding - Diluted | 405.2 | 405.2 |

Earnings per Share Available to IPG Common Stockholders:

| | | | | |
|---------|---------|-----------|---------|---------|
| Basic | \$ 0.81 | \$ (0.06) | \$ 0.10 | \$ 0.77 |
| Diluted | \$ 0.78 | \$ (0.06) | \$ 0.09 | \$ 0.75 |

- (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 refunds to be claimed on future amended U.S. federal returns primarily related to foreign tax credits. 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 ⁽¹⁾

Twelve Months Ended December 31, 2016

| | As Reported | Net Losses on Sales of Businesses | Valuation Allowance Reversals | Settlement of Certain Tax Positions | U.S. Federal Tax Credits | Adjusted Results |
|--|-----------------|-----------------------------------|-------------------------------|-------------------------------------|--------------------------|------------------|
| Income Before Income Taxes | \$ 830.2 | \$ (41.4) | | | | \$ 871.6 |
| Provision for Income Taxes | 198.0 | 2.4 | \$ 12.2 | \$ 23.4 | \$ 44.6 | 280.6 |
| Effective Tax Rate | 23.8% | | | | | 32.2% |
| Equity in Net Income of Unconsolidated Affiliates | 0.3 | | | | | 0.3 |
| Net Income Attributable to Noncontrolling Interests | (24.0) | | | | | (24.0) |
| Net Income Available to IPG Common Stockholders | \$ 608.5 | \$ (39.0) | \$ 12.2 | \$ 23.4 | \$ 44.6 | \$ 567.3 |

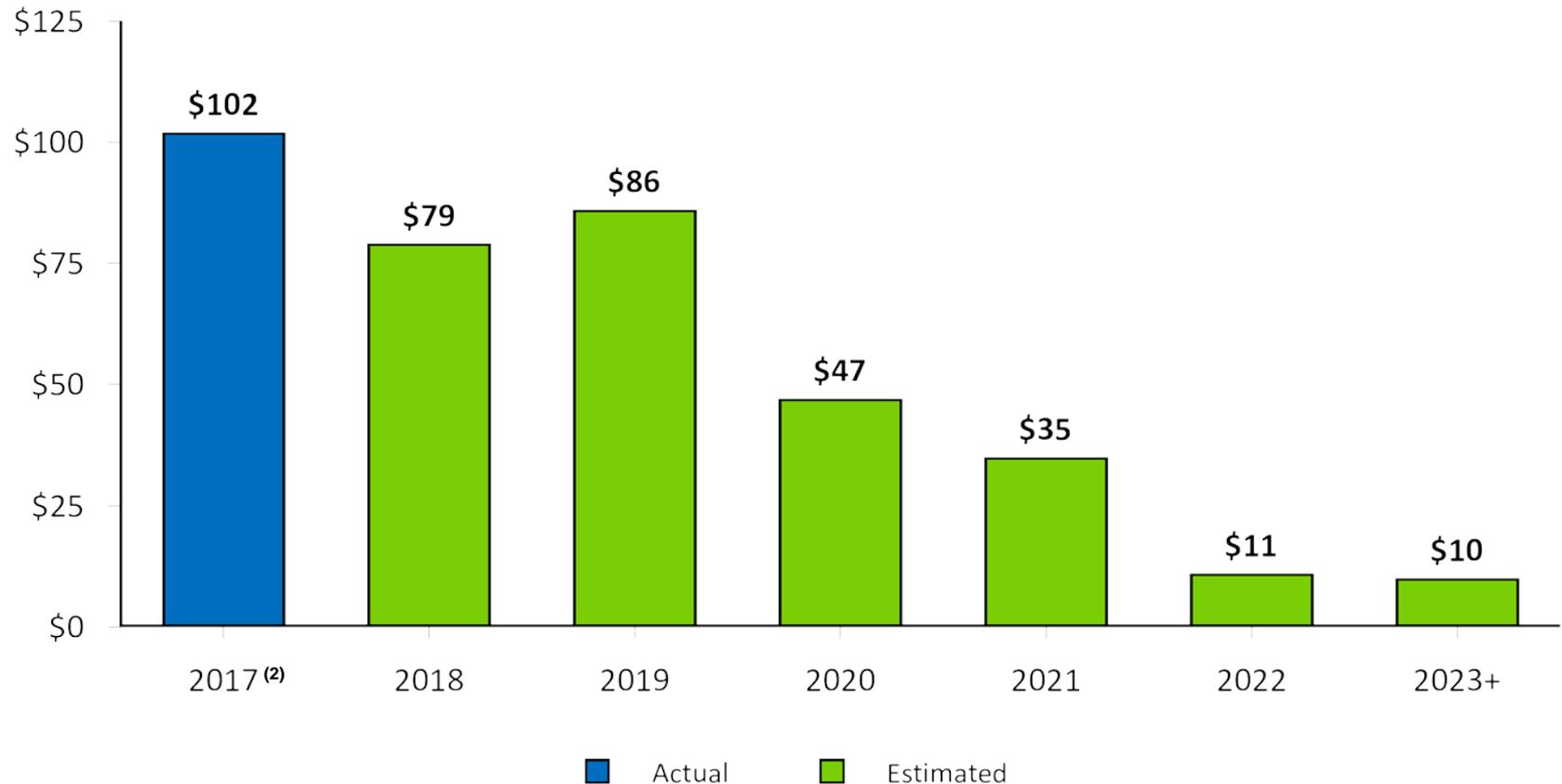
| | | |
|---|--------------|--------------|
| Weighted-Average Number of Common Shares Outstanding - Basic | 397.9 | 397.9 |
| Dilutive Effect of Stock Options and Restricted Shares | 10.1 | 10.1 |
| Weighted-Average Number of Common Shares Outstanding - Diluted | 408.0 | 408.0 |

Earnings per Share Available to IPG Common Stockholders:

| | | | | | | |
|---------|---------|-----------|---------|---------|---------|---------|
| Basic | \$ 1.53 | \$ (0.10) | \$ 0.03 | \$ 0.06 | \$ 0.11 | \$ 1.43 |
| Diluted | \$ 1.49 | \$ (0.10) | \$ 0.03 | \$ 0.06 | \$ 0.11 | \$ 1.39 |

- (1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the net losses on sales of businesses, valuation allowance reversals as a result of the disposition of those businesses, the release of reserves related to the conclusion and settlement of a tax examination of previous tax years and a benefit related to refunds to be claimed on future amended U.S. federal returns primarily related to foreign tax credits. 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.

Acquisition Payment Obligations (1)



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

Page 26 (2) 2017 payments included \$47 recorded within Operating Activities in our Statement of Cash Flows.

(\$ in Millions)





Interpublic Group

Metrics Update

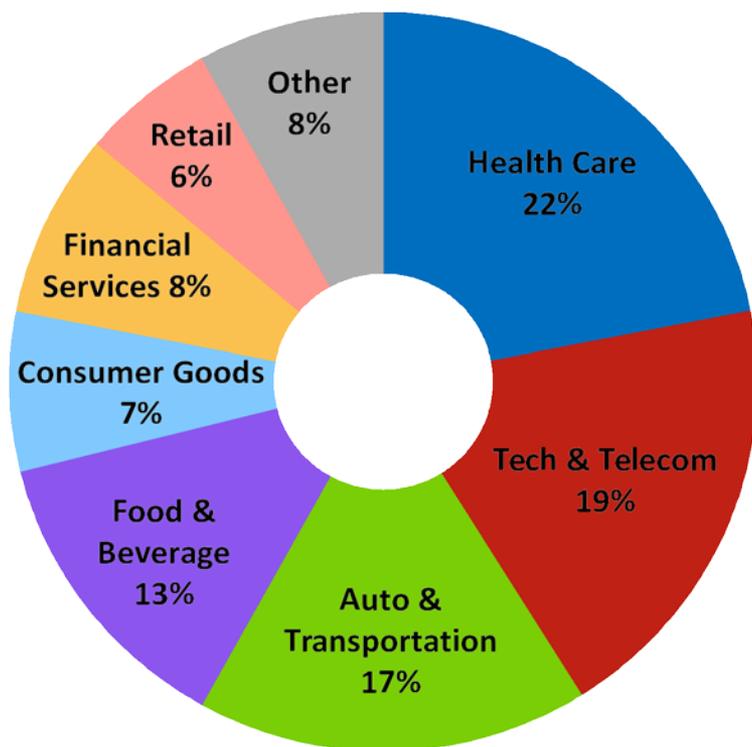
Metrics Update

| Category | Metric |
|--------------------------------------|---|
| REVENUE | By Client Sector |
| SALARIES & RELATED (% of revenue) | Twelve Months Ended Base, Benefits & Tax Incentive Expense Severance Expense Temporary Help |
| OFFICE & GENERAL (% of revenue) | Twelve Months Ended Professional Fees Occupancy Expense (ex-D&A) T&E, Office Supplies & Telecom All Other O&G |
| REAL ESTATE | Total Square Feet |
| FINANCIAL | Available Liquidity \$1.5 Billion 5-Year Credit Facility Covenants |

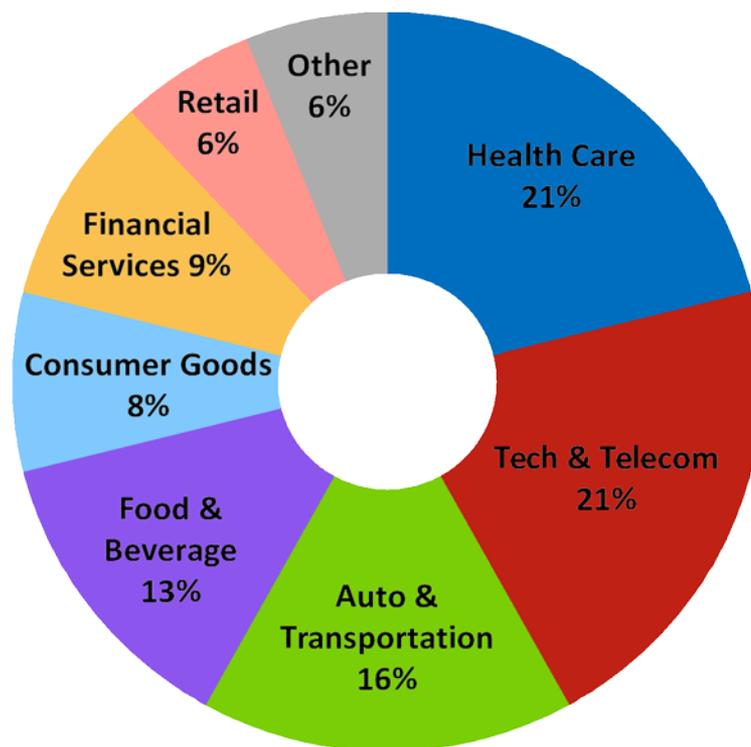
Revenue By Client Sector

Top 100 Clients for the twelve months ended December 31

2017



2016

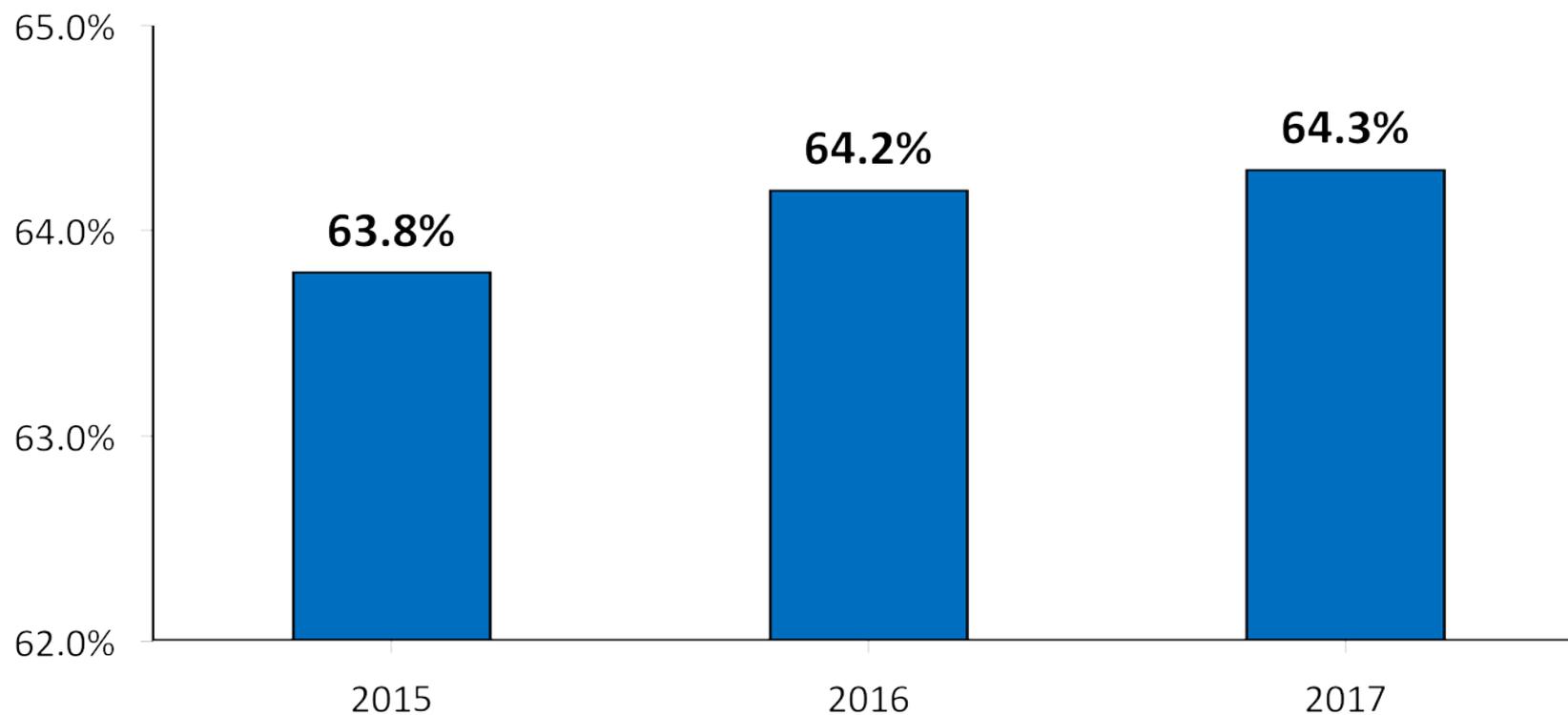


Approximately 60% of Consolidated Revenue

Salaries & Related Expenses

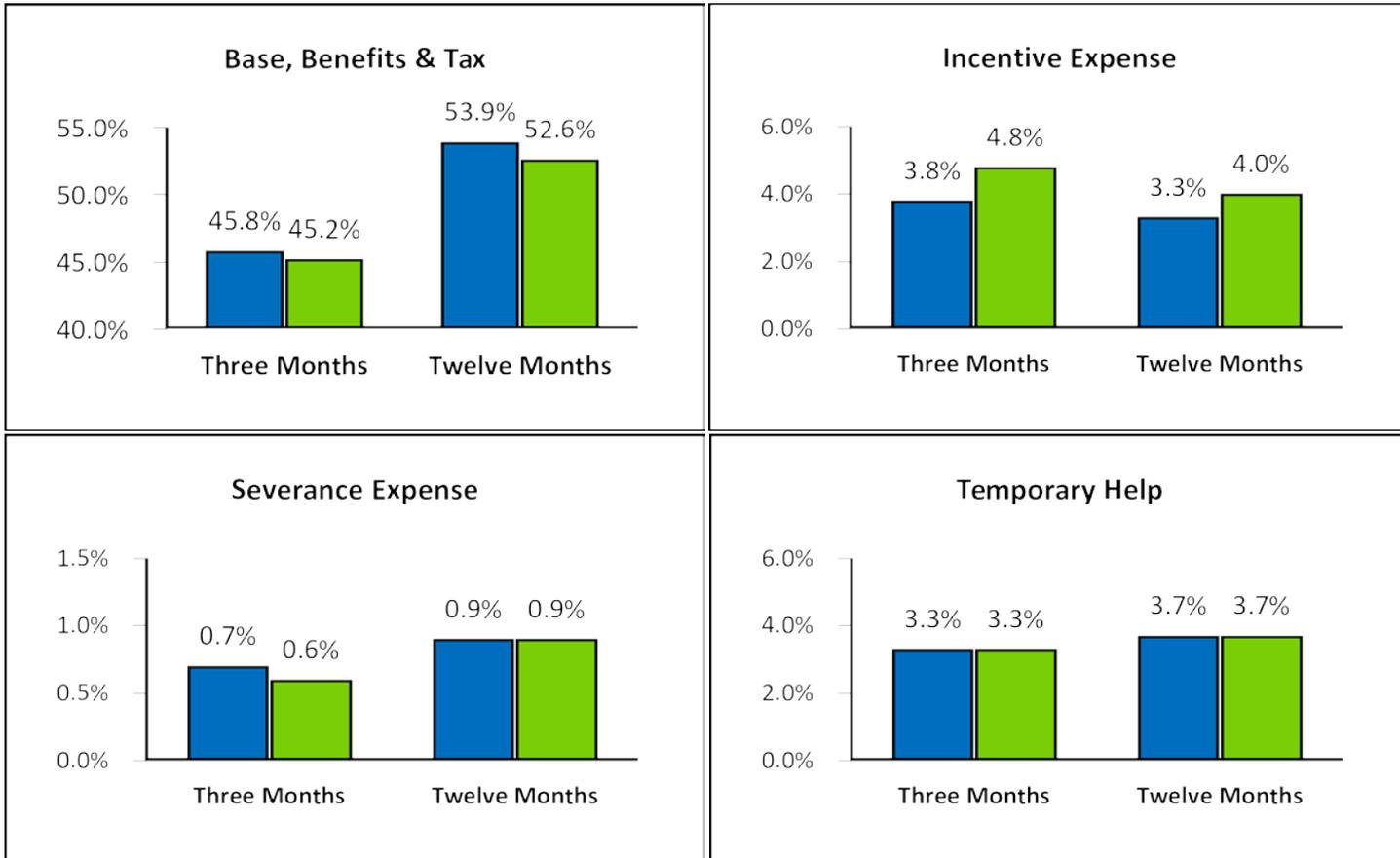
Twelve Months Ended December 31

% of Revenue



Salaries & Related Expenses (% of Revenue)

Three and Twelve Months Ended December 31



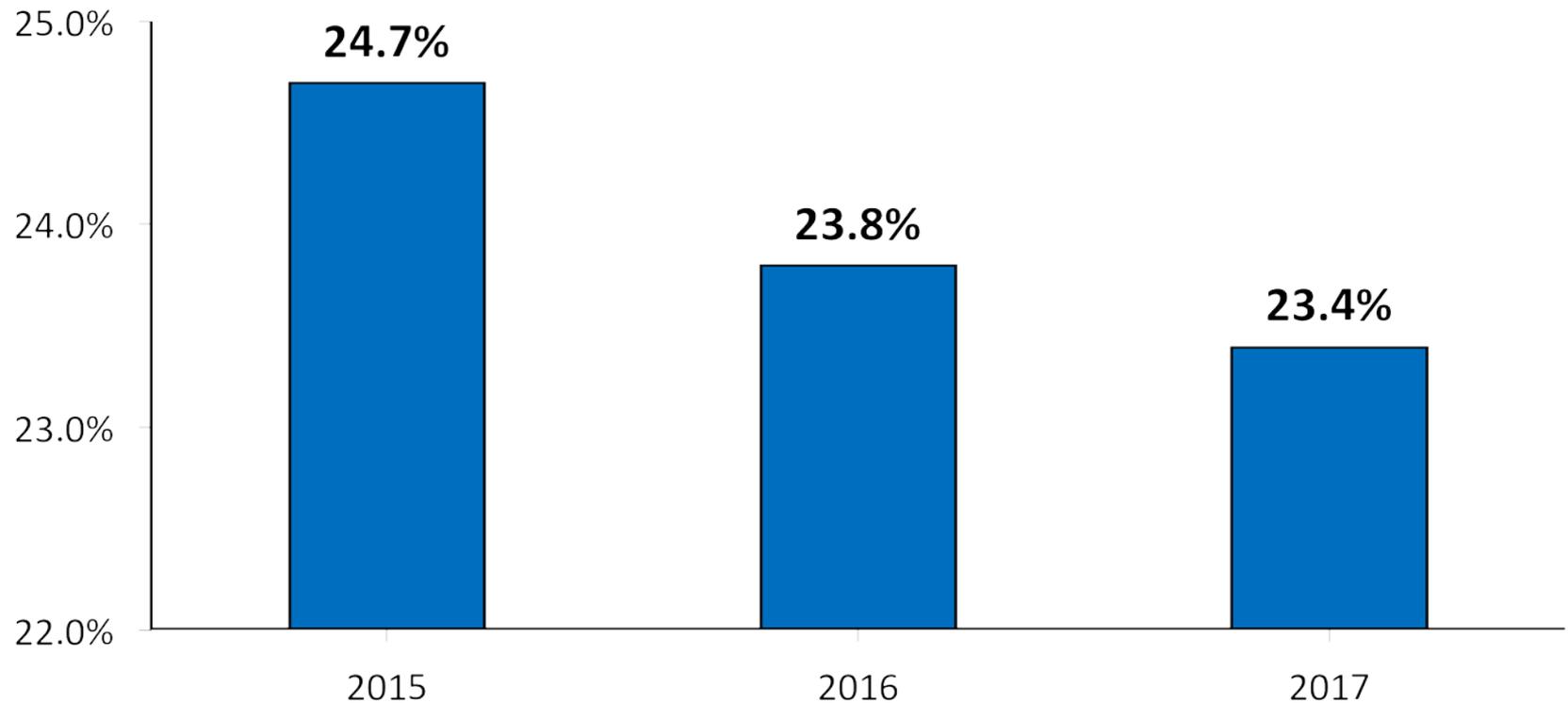
“All Other Salaries & Related,” not shown, was 3.0% and 3.9% for the three months ended December 31, 2017 and 2016, respectively, and 2.5% and 3.0% for the twelve months ended December 31, 2017 and 2016, respectively.



Office & General Expenses

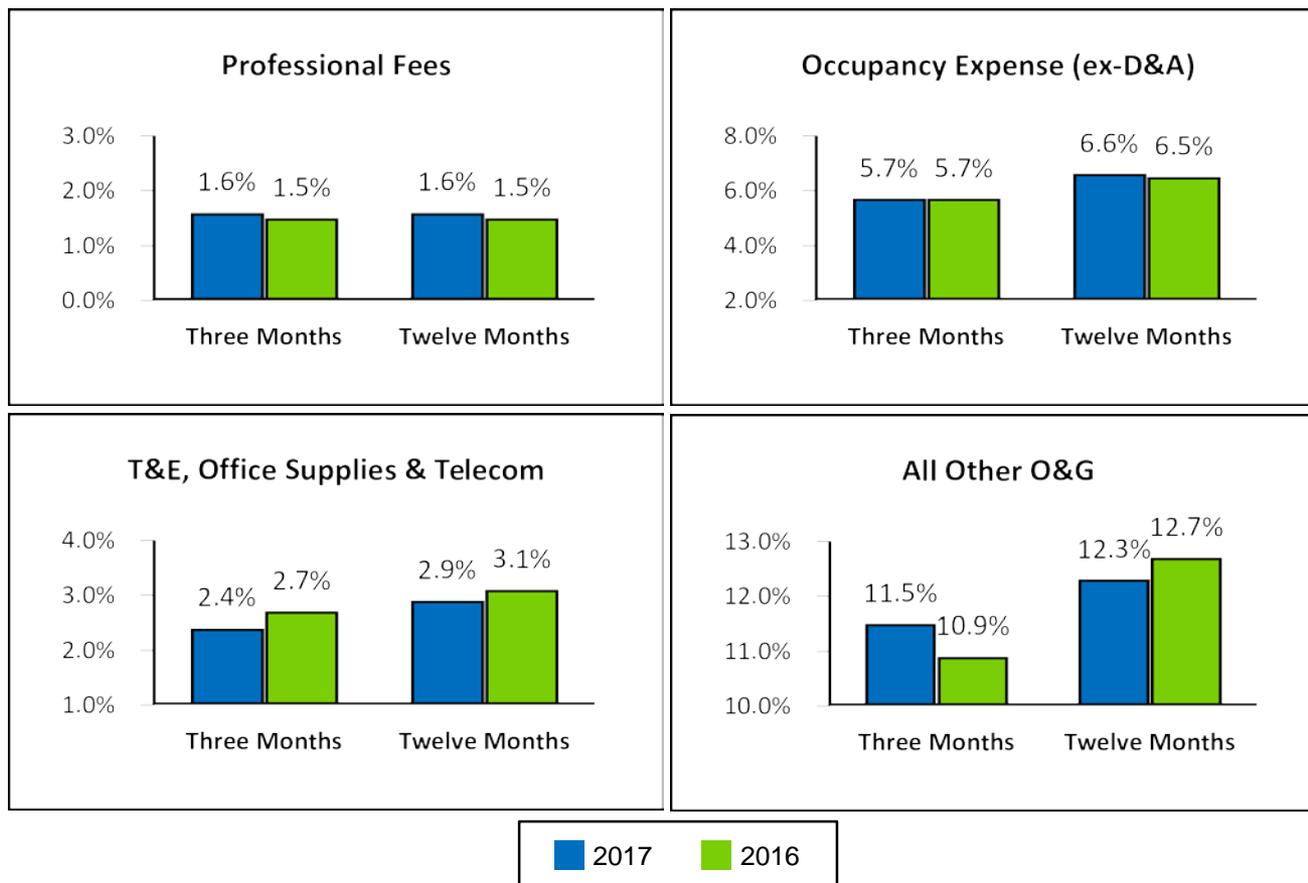
Twelve Months Ended December 31

% of Revenue



Office & General Expenses (% of Revenue)

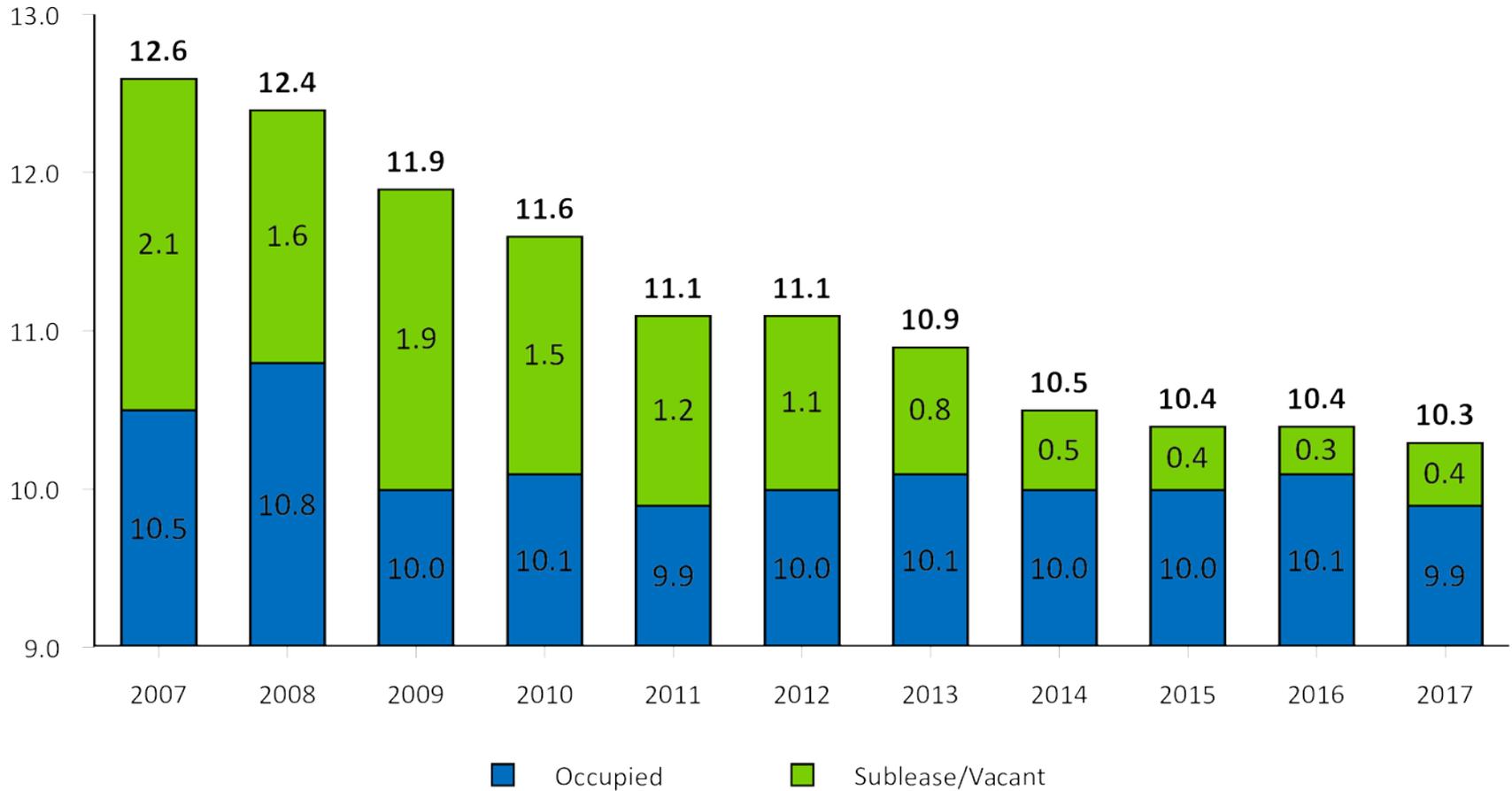
Three and Twelve Months Ended December 31



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

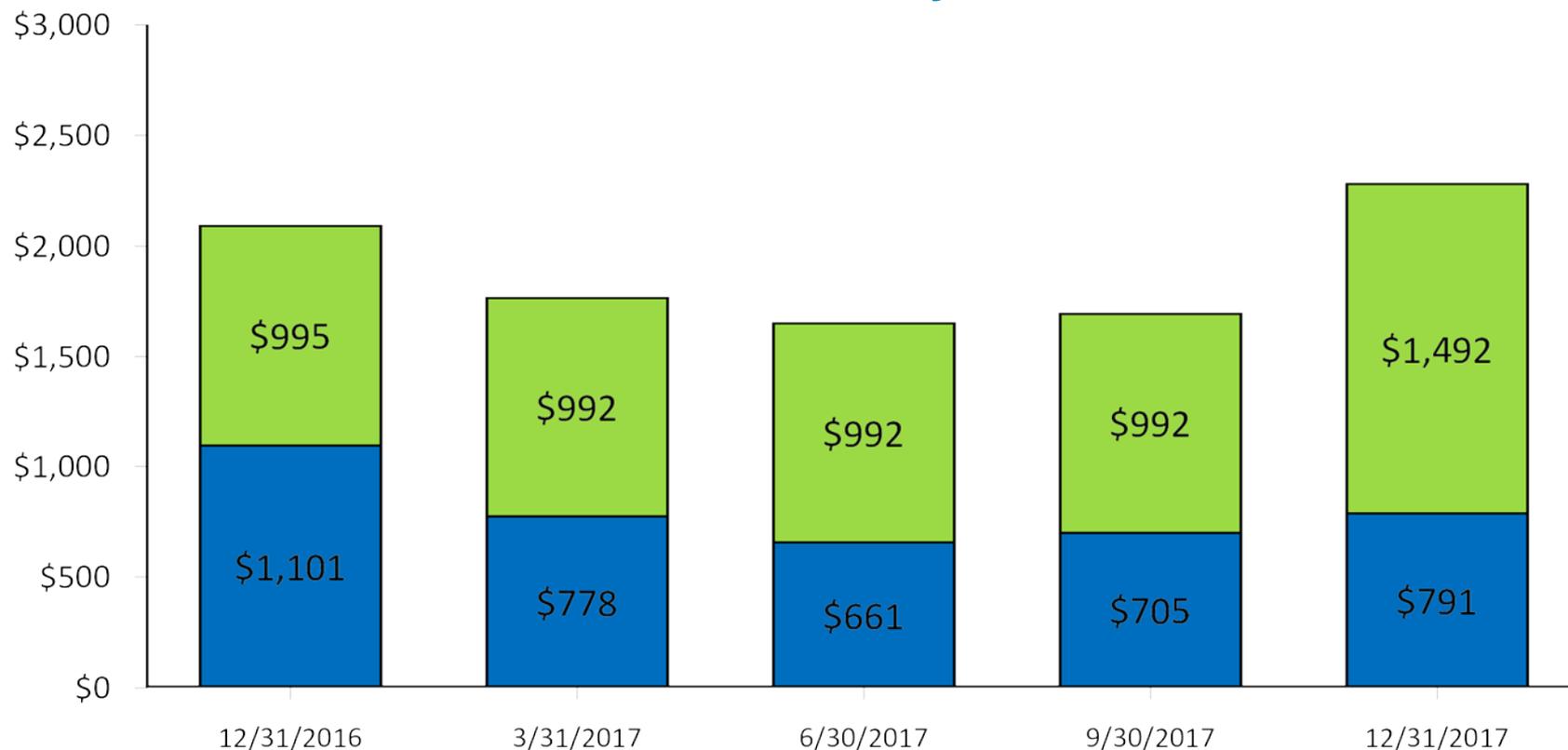
Real Estate

Total Square Feet as of December 31,



Available Liquidity

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



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

\$1.5 Billion 5-Year Credit Facility Covenants

| <u>Covenants</u> | <u>Twelve Months Ended December 31, 2017</u> |
|--|--|
| I. Interest Coverage Ratio (not less than): | 5.00x |
| Actual Interest Coverage Ratio: | 17.99x |
| II. Leverage Ratio (not greater than): | 3.50x |
| Actual Leverage Ratio: | 1.12x |
| | |
| <u>Interest Expense Reconciliation</u> | <u>Twelve Months Ended December 31, 2017</u> |
| Interest Expense: | \$90.8 |
| - Interest income | 19.4 |
| - Other | 3.3 |
| Net interest expense ⁽¹⁾ : | <u>\$68.1</u> |
| | |
| <u>EBITDA Reconciliation</u> | <u>Twelve Months Ended December 31, 2017</u> |
| Operating Income: | \$973.6 |
| + Depreciation and amortization ⁽¹⁾ | 251.2 |
| EBITDA ⁽¹⁾ : | <u>\$1,224.8</u> |

Cautionary Statement

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.