

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): February 12, 2020



THE INTERPUBLIC GROUP OF COMPANIES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1-6686

13-1024020
(I.R.S. Employer
Identification No.)

(Commission File Number)

909 Third Avenue, New York, New York 10022
(Address of principal executive offices) (Zip Code)

(212)704-1200

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, 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))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, par value \$0.10 per share | IPG | The New York Stock Exchange |

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 2.02. Results of Operations and Financial Condition.

On February 12, 2020, The Interpublic Group of Companies, Inc. (i) issued a press release, a copy of which is attached hereto as Exhibit 99.1 and incorporated by reference herein, announcing its results for the fourth quarter and full year of 2019, (ii) held a conference call to discuss the foregoing results and (iii) posted an investor presentation, a copy of which is attached hereto as Exhibit 99.2 and incorporated by reference herein, on its website in connection with the conference call.

Item 9.01. Financial Statements and Exhibits.

[Exhibit 99.1](#): Press release dated February 12, 2020 (furnished pursuant to Item 2.02)

[Exhibit 99.2](#): Investor presentation dated February 12, 2020 (furnished pursuant to Item 2.02)

Exhibit 104: Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document (included as Exhibit 101).

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.

February 12, 2020

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Andrew Bonzani

Name: Andrew Bonzani

Title: Executive Vice President, General Counsel and Secretary



FOR IMMEDIATE RELEASE

New York, NY (February 12, 2020)

IPG Announces Full Year and Fourth Quarter 2019 Results

- *Q4 2019 net revenue was \$2.43 billion, with organic net revenue growth of 2.9%, comprised of 2.1% in the U.S. and 4.1% in international markets*
- *FY19 net revenue grew 7.4%, with organic net revenue growth of 3.3%*
- *FY19 net income was \$656.0 million compared to \$618.9 million in 2018, and adjusted EBITA was \$1.20 billion compared with \$1.08 billion in 2018*
- *Adjusted EBITA margin expanded to 14.0% for FY19, an increase of 50 basis points from comparable FY18*
- *FY19 diluted EPS was \$1.68 and was \$1.93 as adjusted*
- *Board approves 9% increase in quarterly dividend*

Summary

Revenue

- Fourth quarter 2019 net revenue was \$2.43 billion, compared to \$2.41 billion in 2018, with an organic net revenue increase of 2.9% compared to the prior-year period. This was comprised of an organic net revenue increase of 2.1% in the U.S. and 4.1% internationally. Fourth quarter 2019 total revenue was \$2.90 billion compared to \$2.86 billion in 2018.
- Full year 2019 net revenue was \$8.63 billion, compared to \$8.03 billion in 2018, with an organic net revenue increase of 3.3% compared to the prior-year period. This was comprised of an organic net revenue increase of 1.9% in the U.S. and 5.5% internationally. Full year 2019 total revenue was \$10.22 billion, compared to \$9.71 billion in 2018.

Operating Results

- Fourth quarter 2019 operating income was \$491.3 million, compared to \$459.1 million in 2018. EBITA was \$512.7 million in the fourth quarter of 2019, compared to adjusted EBITA of \$503.7 million in 2018, which excludes \$22.6 million of transaction costs for the acquisition of Acxiom from the prior-year period. EBITA margin on net revenue was 21.1% in the fourth quarter of 2019, compared to adjusted EBITA margin of 20.9% for the same period in 2018.

Interpublic Group 909 Third Avenue New York, NY 10022 212-704-1200 tel 212-704-1201 fax

- For the full year 2019, operating income was \$1.09 billion, compared to \$1.01 billion in 2018. Adjusted EBITA for the full year 2019 was \$1.20 billion, which excludes restructuring charges of \$31.8 million from the first quarter, compared to adjusted EBITA for the full year 2018 of \$1.08 billion, which excludes Acxiom transaction costs of \$35.0 million. Adjusted EBITA margin on net revenue was 14.0% in 2019, compared to 13.5% in 2018.
- Refer to reconciliations on page 12 for more detail.

Net Results

- Income tax provision in the fourth quarter of 2019 was \$86.1 million on income before income taxes of \$427.8 million.
- Fourth quarter 2019 net income available to IPG common stockholders was \$328.9 million, resulting in earnings of \$0.85 per basic share and \$0.84 per diluted share. Adjusted earnings were \$0.88 per diluted share as adjusted for after-tax amortization of acquired intangibles of \$17.2 million, an after-tax loss of \$23.6 million on the sales of businesses, and the positive impact of tax valuation allowance reversals of \$25.3 million. This compares to adjusted earnings of \$0.89 per diluted share a year ago, due to a lower adjusted effective tax rate in the prior-year period.
- Income tax provision for the full year 2019 was 204.8 million on income before income taxes of 878.3 million.
- Full year 2019 net income available to IPG common stockholders was \$656.0 million, resulting in earnings of \$1.70 per basic share and \$1.68 per diluted share. Adjusted earnings were \$1.93 per diluted share as adjusted for after-tax amortization of acquired intangibles of \$69.1 million, after-tax restructuring charges of \$24.2 million from the first quarter of 2019, an after-tax loss of \$45.9 million on the sales of businesses, and the positive impact of various discrete tax items of \$39.2 million. This compares to adjusted earnings of \$1.86 per diluted share a year ago.
- Refer to reconciliations on pages 10 to 14 for more detail.

Outlook

"We are pleased to report strong fourth quarter performance, as well as full-year financial results that deliver on our targets. Our results again demonstrate the strength of our client-centric, integrated model, and the quality of our offerings. Our differentiated culture and strategy are key reasons our long-term trajectory has been so strong, which has helped us to deliver leading organic growth and margin improvement in recent years," commented Michael Roth, Chairman and CEO of IPG.

"As we turn to our outlook for 2020, our first thoughts are ones of concern and support for our people, clients, and partners in China, and for everyone around the world contending with the

coronavirus outbreak. We are closely monitoring the situation and are focused on the well-being and safety of our people, and are taking appropriate steps to protect them during this difficult period," added Mr. Roth.

"As our results demonstrate, IPG remains highly relevant to marketers in an increasingly crowded and complex environment. We have a strong portfolio of companies that combine marketing expertise and future-facing media, data and technology capabilities, which we can deliver through our collaborative open architecture model. Our 2020 targets are for organic growth of 3% and to further improve EBITA margin by an additional 20 basis points. We remain committed to our robust capital return program, as is evident in today's announcement that our Board has again approved an increase in our dividend. We are also focused on debt reduction, with a view toward returning to share buybacks in the future as part of our capital allocation programs. We are confident that this combination of operating performance and capital returns will allow us to build on our strong track record of enhancing shareholder value," Mr. Roth concluded.

Operating Results

Revenue

During the fourth quarter of 2019, net revenue of \$2.43 billion increased 0.8% compared to the same period in 2018. During the fourth quarter of 2019, the effect of foreign currency translation was negative 1.0%, the impact of divestitures was negative 1.1%, and the resulting organic revenue increase was 2.9%. Beginning in the fourth quarter, Acxiom's revenue growth is included as a component of our organic revenue calculations. Total revenue of \$2.90 billion in the fourth quarter of 2019 increased 1.6% compared to 2018.

For the full year 2019, net revenue of \$8.63 billion increased 7.4% compared to the same period in 2018. During the full year 2019, the effect of foreign currency translation was negative 1.7%, the impact of net acquisitions was positive 5.8%, and the resulting organic revenue increase was 3.3%. Total revenue of \$10.22 billion increased 5.2% during the full year 2019 compared to 2018.

Operating Expenses

Total operating expenses, excluding billable expenses, decreased 0.7% in the fourth quarter of 2019 from a year ago compared with net revenue growth of 0.8%. Total operating expenses, excluding billable expenses, increased at the same rate as net revenue growth of 7.4% for the full year 2019 from a year ago.

During the fourth quarter of 2019, salaries and related expenses were \$1.43 billion, an increase of 0.6% compared to the same period in 2018. For the full year 2019, salaries and related expenses were \$5.57 billion, an increase of 5.1% compared to 2018.

Staff cost ratio, which is total salaries and related expenses as a percentage of net revenue, was 58.9% in the fourth quarter of 2019 compared to 59.0% in the same period in 2018. For the full year 2019, staff cost ratio was 64.6% compared to 66.0% in the same period in 2018, primarily due to base salaries, benefits and tax, and temporary help expenses increasing at rates less than net revenue growth. The improved ratio was also attributable to carefully managing our employee base in addition to the inclusion of Acxiom for the full year, which had a lower ratio of salaries and related expenses as a percentage of its net revenue.

During the fourth quarter of 2019, office and other direct expenses were \$419.7 million, an increase of 10.2% compared to the same period in 2018. For the full year 2019, office and other direct expenses were \$1.56 billion, an increase of 15.4% compared to 2018. The increase in office and other direct expenses was mainly due to the inclusion of Acxiom for the full year, which has a higher ratio of office and other direct expenses as a percentage of its net revenue, primarily driven by client service costs and professional fees.

During the fourth quarter of 2019, selling, general and administrative expenses were \$24.5 million compared to \$81.0 million in 2018, a decrease of 69.8%, primarily attributable to lower incentive expense and professional fees, mainly driven by transaction costs related to the acquisition of Acxiom in 2018. For the full year 2019, selling, general and administrative expenses were \$93.8 million compared to \$166.5 million in 2018, a decrease of 43.7%. The decrease was primarily attributable to lower professional fees, mainly driven by transaction costs related to the acquisition of Acxiom in 2018 and an increase in allocated service fees from Selling, General and Administrative expenses to Cost of Services, mainly as a result of the inclusion of Acxiom.

During the fourth quarter of 2019, depreciation and amortization was \$65.4 million, a decrease of 5.1% compared to the same period in 2018. For the full year 2019, depreciation and amortization was \$278.5 million, an increase of 37.3% compared to 2018 primarily due to the inclusion of Acxiom.

During the full year 2019, restructuring charges were \$33.9 million due to the implementation of a cost initiative to better align our cost structure with our revenue, primarily related to client losses occurring in 2018.

Non-Operating Results and Tax

Net interest expense decreased by \$2.9 million to \$38.7 million in the fourth quarter of 2019 from a year ago. Full year 2019 net interest expense increased by \$63.6 million to \$164.8 million from a year ago, primarily due to debt issued in 2018 to fund the Company's acquisition of Acxiom.

Other expense, net was \$24.8 million for the fourth quarter of 2019 and \$42.9 million for the full year 2019, primarily due to losses recorded on sales of businesses.

The income tax provision in the fourth quarter of 2019 was \$86.1 million on income before income taxes of \$427.8 million, compared to a provision of \$62.2 million on income before income taxes of \$403.9 million in the same period in 2018. The income tax provision for the full year 2019 was \$204.8 million on income before income taxes of \$878.3 million, compared to a provision of \$199.2 million on income before income taxes of \$838.0 million in 2018.

The effective tax rate for the fourth quarter of 2019 was 20.1% compared to 15.4% for the same period in 2018. Excluding the amortization of acquired intangibles, the impact of losses on the sales of businesses, and the positive impact of tax valuation allowance reversals, the effective tax rate for the fourth quarter of 2019 was 24.5% compared to 21.0% in 2018 as similarly adjusted. The effective tax rate for the full year 2019 was 23.3% compared to 23.8% for the same period in 2018. Excluding the amortization of acquired intangibles, restructuring charges from the first quarter of 2019, the impact of losses on the sales of businesses, and the positive impact of various discrete tax items, the effective tax rate for the full year 2019 was 25.8% compared to 24.5% in 2018 as similarly adjusted.

Balance Sheet

At December 31, 2019, cash and cash equivalents totaled \$1.19 billion, compared to \$673.4 million at December 31, 2018. Total debt was \$3.33 billion at December 31, 2019, compared to \$3.73 billion at December 31, 2018.

Common Stock Dividend

During the fourth quarter of 2019, the Company declared and paid a common stock cash dividend of \$0.235 per share, for a total of \$90.9 million. During 2019, the Company paid four quarterly cash dividends of \$0.235 per share on our common stock, which corresponded to aggregate dividend payments of \$363.1 million for the full year.

On February 12, 2020, the Company also announced that its Board of Directors has declared a common stock cash dividend of \$0.255 per share, payable quarterly to holders of record on an ongoing basis.

For further information regarding the Company's financial results as well as certain non-GAAP measures including organic net revenue growth, EBITA, adjusted EBITA and earnings per diluted share as adjusted, and the reconciliations thereof, please refer to pages 10 to 14 and our Investor Presentation filed on Form 8-K herewith and available on our website, www.interpublic.com.

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About Interpublic

Interpublic is values-based, data-fueled, and creatively-driven. Major global brands include Acxiom, Craft, FCB (Foote, Cone & Belding), FutureBrand, Golin, Huge, Initiative, Jack Morton, Kinesso, MAGNA, McCann, Momentum, MRM, MullenLowe Group, Octagon, R/GA, UM and Weber Shandwick. Other leading brands include Avrett Free Ginsberg, Campbell Ewald, Carmichael Lynch, Deutsch, Hill Holliday, ID Media and The Martin Agency. For more information, please visit www.interpublic.com.

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Cautionary Statement

This release contains forward-looking statements. Statements in this release that are not historical facts, including statements about management's beliefs and expectations, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined under Item 1A, Risk Factors, in our most recent Annual Report on Form 10-K, and our other filings with the Securities and Exchange Commission ("SEC"). 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;
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world; and
- failure to realize the anticipated benefits on the acquisition of the Acxiom business.

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

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED SUMMARY OF EARNINGS
FOURTH QUARTER REPORT 2019 AND 2018
(Amounts in Millions except Per Share Data)
(UNAUDITED)

| | Three Months Ended December 31, | | |
|--|---------------------------------|-----------------|-----------------------------|
| | 2019 | 2018 | Fav. (Unfav.) % Variance |
| Revenue: | | | |
| Net Revenue | \$ 2,433.0 | \$ 2,413.7 | 0.8 % |
| Billable Expenses | 468.8 | 442.3 | 6.0 % |
| Total Revenue | <u>2,901.8</u> | <u>2,856.0</u> | <u>1.6 %</u> |
| Operating Expenses: | | | |
| Salaries and Related Expenses | 1,432.1 | 1,423.7 | (0.6)% |
| Office and Other Direct Expenses | 419.7 | 381.0 | (10.2)% |
| Billable Expenses | 468.8 | 442.3 | (6.0)% |
| Cost of Services | <u>2,320.6</u> | <u>2,247.0</u> | <u>(3.3)%</u> |
| Selling, General and Administrative Expenses | 24.5 | 81.0 | 69.8 % |
| Depreciation and Amortization | 65.4 | 68.9 | 5.1 % |
| Restructuring Charges | 0.0 | 0.0 | N/A |
| Total Operating Expenses | <u>2,410.5</u> | <u>2,396.9</u> | <u>(0.6)%</u> |
| Operating Income | <u>491.3</u> | <u>459.1</u> | <u>7.0 %</u> |
| Operating Margin on Net Revenue % | 20.2% | 19.0% | |
| Expenses and Other Income: | | | |
| Interest Expense | (48.2) | (49.4) | |
| Interest Income | 9.5 | 7.8 | |
| Other Expense, Net | <u>(24.8)</u> | <u>(13.6)</u> | |
| Total (Expenses) and Other Income | <u>(63.5)</u> | <u>(55.2)</u> | |
| Income Before Income Taxes | 427.8 | 403.9 | |
| Provision for Income Taxes | 86.1 | 62.2 | |
| Income of Consolidated Companies | <u>341.7</u> | <u>341.7</u> | |
| Equity in Net Income of Unconsolidated Affiliates | 0.5 | 0.8 | |
| Net Income | <u>342.2</u> | <u>342.5</u> | |
| Net Income Attributable to Noncontrolling Interests | <u>(13.3)</u> | <u>(16.3)</u> | |
| Net Income Available to IPG Common Stockholders | <u>\$ 328.9</u> | <u>\$ 326.2</u> | |
| Earnings Per Share Available to IPG Common Stockholders: | | | |
| Basic | \$ 0.85 | \$ 0.85 | |
| Diluted | \$ 0.84 | \$ 0.84 | |
| Weighted-Average Number of Common Shares Outstanding: | | | |
| Basic | 386.9 | 383.4 | |
| Diluted | 393.3 | 390.3 | |
| Dividends Declared Per Common Share | \$ 0.235 | \$ 0.210 | |

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED SUMMARY OF EARNINGS
ANNUAL REPORT 2019 AND 2018
(Amounts in Millions except Per Share Data)
(UNAUDITED)

| | Twelve Months Ended December 31, | | |
|---|----------------------------------|-----------------|-----------------------------|
| | 2019 | 2018 | Fav. (Unfav.) % Variance |
| Revenue: | | | |
| Net Revenue | \$ 8,625.1 | \$ 8,031.6 | 7.4 % |
| Billable Expenses | 1,596.2 | 1,682.8 | (5.1)% |
| Total Revenue | 10,221.3 | 9,714.4 | 5.2 % |
| Operating Expenses: | | | |
| Salaries and Related Expenses | 5,568.8 | 5,298.3 | (5.1)% |
| Office and Other Direct Expenses | 1,564.1 | 1,355.1 | (15.4)% |
| Billable Expenses | 1,596.2 | 1,682.8 | 5.1 % |
| Cost of Services | 8,729.1 | 8,336.2 | (4.7)% |
| Selling, General and Administrative Expenses | 93.8 | 166.5 | 43.7 % |
| Depreciation and Amortization | 278.5 | 202.9 | (37.3)% |
| Restructuring Charges | 33.9 | 0.0 | N/A |
| Total Operating Expenses | 9,135.3 | 8,705.6 | (4.9)% |
| Operating Income | 1,086.0 | 1,008.8 | 7.7 % |
| Operating Margin on Net Revenue % | 12.6% | 12.6% | |
| Expenses and Other Income: | | | |
| Interest Expense | (199.3) | (123.0) | |
| Interest Income | 34.5 | 21.8 | |
| Other Expense, Net | (42.9) | (69.6) | |
| Total (Expenses) and Other Income | (207.7) | (170.8) | |
| Income Before Income Taxes | 878.3 | 838.0 | |
| Provision for Income Taxes | 204.8 | 199.2 | |
| Income of Consolidated Companies | 673.5 | 638.8 | |
| Equity in Net Income (Loss) of Unconsolidated Affiliates | 0.4 | (1.1) | |
| Net Income | 673.9 | 637.7 | |
| Net Income Attributable to Noncontrolling Interests | (17.9) | (18.8) | |
| Net Income Attributable to IPG Common Stockholders | \$ 656.0 | \$ 618.9 | |
| Earnings Per Share Available to IPG Common Stockholders: | | | |
| Basic | \$ 1.70 | \$ 1.61 | |
| Diluted | \$ 1.68 | \$ 1.59 | |
| Weighted-Average Number of Common Shares Outstanding: | | | |
| Basic | 386.1 | 383.3 | |
| Diluted | 391.2 | 389.0 | |
| Dividends Declared Per Common Share | \$ 0.940 | \$ 0.840 | |

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

| | Three Months Ended December 31, 2019 | | | | |
|--|--------------------------------------|--------------------------------------|--|-----------------------------------|------------------|
| | As Reported | Amortization of Acquired Intangibles | Net Losses on Sales of Businesses ¹ | Tax Valuation Allowance Reversals | Adjusted Results |
| Net Revenue | \$ 2,433.0 | | | | \$ 2,433.0 |
| Billable Expenses | 468.8 | | | | 468.8 |
| Total Revenue | 2,901.8 | | | | 2,901.8 |
| Cost of Services | 2,320.6 | | | | 2,320.6 |
| Selling, General and Administrative Expenses | 24.5 | | | | 24.5 |
| Depreciation and Amortization | 65.4 | \$ 21.4 | | | 44.0 |
| Restructuring Charges | 0.0 | | | | 0.0 |
| Total Operating Expense | 2,410.5 | 21.4 | | | 2,389.1 |
| Operating Income | 491.3 | (21.4) | | | 512.7 |
| <i>Margin on Net Revenue %</i> | <i>20.2%</i> | | | | <i>21.1%</i> |
| Interest Expense, Net | (38.7) | | | | (38.7) |
| Other Expense, Net | (24.8) | | \$ (24.0) | | (0.8) |
| Total (Expenses) and Other Income | (63.5) | | (24.0) | | (39.5) |
| Income Before Income Taxes | 427.8 | (21.4) | (24.0) | | 473.2 |
| Provision for Income Taxes | 86.1 | 4.2 | 0.4 | \$ 25.3 | 116.0 |
| <i>Effective Tax Rate</i> | <i>20.1%</i> | | | | <i>24.5%</i> |
| Equity in Net Income of Unconsolidated Affiliates | 0.5 | | | | 0.5 |
| Net Income Attributable to Noncontrolling Interests | (13.3) | | | | (13.3) |
| Net Income Available to IPG Common Stockholders | \$ 328.9 | \$ (17.2) | \$ (23.6) | \$ 25.3 | \$ 344.4 |
| Weighted-Average Number of Common Shares Outstanding - Basic | 386.9 | | | | 386.9 |
| Dilutive effect of stock options and restricted shares | 6.4 | | | | 6.4 |
| Weighted-Average Number of Common Shares Outstanding - Diluted | 393.3 | | | | 393.3 |
| Earnings Per Share Available to IPG Common Stockholders ²: | | | | | |
| Basic | \$ 0.85 | \$ (0.04) | \$ (0.06) | \$ 0.07 | \$ 0.89 |
| Diluted | \$ 0.84 | \$ (0.04) | \$ (0.06) | \$ 0.06 | \$ 0.88 |

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

² Earnings per share may not add due to rounding.

Note: 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.

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

| Twelve Months Ended December 31, 2019 | | | | | | |
|---|-----------------|--------------------------------------|-------------------------------|--|---|------------------|
| | As Reported | Amortization of Acquired Intangibles | Q1 2019 Restructuring Charges | Net Losses on Sales of Businesses ¹ | Net Impact of Various Discrete Tax Items ² | Adjusted Results |
| Net Revenue | \$ 8,625.1 | | | | | \$ 8,625.1 |
| Billable Expenses | 1,596.2 | | | | | 1,596.2 |
| Total Revenue | 10,221.3 | | | | | 10,221.3 |
| Cost of Services | 8,729.1 | | | | | 8,729.1 |
| Selling, General and Administrative Expenses | 93.8 | | | | | 93.8 |
| Depreciation and Amortization | 278.5 | \$ 86.0 | | | | 192.5 |
| Restructuring Charges | 33.9 | | \$ 31.8 | | | 2.1 |
| Total Operating Expense | 9,135.3 | 86.0 | 31.8 | | | 9,017.5 |
| Operating Income | 1,086.0 | (86.0) | (31.8) | | | 1,203.8 |
| <i>Margin on Net Revenue %</i> | <i>12.6%</i> | | | | | <i>14.0%</i> |
| Interest Expense, Net | (164.8) | | | | | (164.8) |
| Other Expense, Net | (42.9) | | | \$ (46.3) | | 3.4 |
| Total (Expenses) and Other Income | (207.7) | | | (46.3) | | (161.4) |
| Income Before Income Taxes | 878.3 | (86.0) | (31.8) | (46.3) | | 1,042.4 |
| Provision for Income Taxes | 204.8 | 16.9 | 7.6 | 0.4 | \$ 39.2 | 268.9 |
| <i>Effective Tax Rate</i> | <i>23.3%</i> | | | | | <i>25.8%</i> |
| Equity in Net Income of Unconsolidated Affiliates | 0.4 | | | | | 0.4 |
| Net Income Attributable to Noncontrolling Interests | (17.9) | | | | | (17.9) |
| Net Income Available to IPG Common Stockholders | \$ 656.0 | \$ (69.1) | \$ (24.2) | \$ (45.9) | \$ 39.2 | \$ 756.0 |
| Weighted-Average Number of Common Shares Outstanding - Basic | 386.1 | | | | | 386.1 |
| Dilutive effect of stock options and restricted shares | 5.1 | | | | | 5.1 |
| Weighted-Average Number of Common Shares Outstanding - Diluted | 391.2 | | | | | 391.2 |
| Earnings Per Share Available to IPG Common Stockholders ³ : | | | | | | |
| Basic | \$ 1.70 | \$ (0.18) | \$ (0.06) | \$ (0.12) | \$ 0.10 | \$ 1.96 |
| Diluted | \$ 1.68 | \$ (0.18) | \$ (0.06) | \$ (0.12) | \$ 0.10 | \$ 1.93 |

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

² Includes \$13.9 million related to the settlement of certain tax positions in the second quarter of 2019 and \$25.3 million related to tax valuation allowance reversals in the fourth quarter of 2019.

³ Earnings per share may not add due to rounding.

Note: 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.

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

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|---------------------------------|-------------------|----------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net Revenue | \$ 2,433.0 | \$ 2,413.7 | \$ 8,625.1 | \$ 8,031.6 |
| Non-GAAP Reconciliation: | | | | |
| Net Income Available to IPG Common Stockholders | \$ 328.9 | \$ 326.2 | \$ 656.0 | \$ 618.9 |
| Add Back: | | | | |
| Provision for Income Taxes | 86.1 | 62.2 | 204.8 | 199.2 |
| Subtract: | | | | |
| Total (Expenses) and Other Income | (63.5) | (55.2) | (207.7) | (170.8) |
| Equity in Net Income (Loss) of Unconsolidated Affiliates | 0.5 | 0.8 | 0.4 | (1.1) |
| Net Income Attributable to Noncontrolling Interests | (13.3) | (16.3) | (17.9) | (18.8) |
| Operating Income | 491.3 | 459.1 | 1,086.0 | 1,008.8 |
| Add Back: | | | | |
| Amortization of Acquired Intangibles | 21.4 | 22.0 | 86.0 | 37.6 |
| EBITA | 512.7 | 481.1 | 1,172.0 | 1,046.4 |
| <i>EBITA Margin on Net Revenue %</i> | <i>21.1%</i> | <i>19.9%</i> | <i>13.6%</i> | <i>13.0%</i> |
| Q1 2019 Restructuring Charges | — | — | 31.8 | — |
| Acxiom Transaction Costs | — | 22.6 | — | 35.0 |
| Adjusted EBITA | \$ 512.7 | \$ 503.7 | \$ 1,203.8 | \$ 1,081.4 |
| <i>Adjusted EBITA Margin on Net Revenue %</i> | <i>21.1%</i> | <i>20.9%</i> | <i>14.0%</i> | <i>13.5%</i> |

Note: 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.

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

| | Three Months Ended December 31, 2018 | | | | | Adjusted Results |
|--|--------------------------------------|-------------------------|--------------------------------------|--|---|------------------|
| | As Reported | Axiom Transaction Costs | Amortization of Acquired Intangibles | Net Losses on Sales of Businesses ¹ | Net Impact of Various Discrete Tax Items ² | |
| Net Revenue | \$ 2,413.7 | | | | | \$ 2,413.7 |
| Billable Expenses | 442.3 | | | | | 442.3 |
| Total Revenue | 2,856.0 | | | | | 2,856.0 |
| Cost of Services | 2,247.0 | | | | | 2,247.0 |
| Selling, General and Administrative Expenses | 81.0 | \$ 22.6 | | | | 58.4 |
| Depreciation and Amortization | 68.9 | | \$ 22.0 | | | 46.9 |
| Restructuring Charges | 0.0 | | | | | 0.0 |
| Total Operating Expense | 2,396.9 | 22.6 | 22.0 | | | 2,352.3 |
| Operating Income | 459.1 | (22.6) | (22.0) | | | 503.7 |
| <i>Margin on Net Revenue %</i> | <i>19.0%</i> | | | | | <i>20.9%</i> |
| Interest Expense, Net | (41.6) | | | | | (41.6) |
| Other Expense, Net | (13.6) | | | \$ (11.9) | | (1.7) |
| Total (Expenses) and Other Income | (55.2) | | | (11.9) | | (43.3) |
| Income Before Income Taxes | 403.9 | (22.6) | (22.0) | (11.9) | | 460.4 |
| Provision for Income Taxes | 62.2 | 5.6 | 4.2 | 1.1 | \$ 23.4 | 96.5 |
| <i>Effective Tax Rate</i> | <i>15.4%</i> | | | | | <i>21.0%</i> |
| Equity in Net Income of Unconsolidated Affiliates | 0.8 | | | | | 0.8 |
| Net Income Attributable to Noncontrolling Interests | (16.3) | | | | | (16.3) |
| Net Income Available to IPG Common Stockholders | \$ 326.2 | \$ (17.0) | \$ (17.8) | \$ (10.8) | \$ 23.4 | \$ 348.4 |

Weighted-Average Number of Common Shares Outstanding -

| | | | | | | |
|---|--------------|--|--|--|--|--------------|
| Basic | 383.4 | | | | | 383.4 |
| Dilutive effect of stock options and restricted shares | 6.9 | | | | | 6.9 |
| Weighted-Average Number of Common Shares Outstanding - Diluted | 390.3 | | | | | 390.3 |

Earnings Per Share Available to IPG Common Stockholders

| | | | | | | |
|---------|---------|-----------|-----------|-----------|---------|---------|
| Basic | \$ 0.85 | \$ (0.04) | \$ (0.05) | \$ (0.03) | \$ 0.06 | \$ 0.91 |
| Diluted | \$ 0.84 | \$ (0.04) | \$ (0.05) | \$ (0.03) | \$ 0.06 | \$ 0.89 |

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

² Includes a tax benefit of \$16.9 from net adjustments to the valuation allowance and a benefit of \$6.5 related to the estimated costs associated with our change in assertion (APB 23) that we will no longer permanently reinvest undistributed earnings attributable to certain foreign subsidiaries.

³ Earnings per share may not add due to rounding.

Note: 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.

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

Twelve Months Ended December 31, 2018

| | As Reported | Acxiom Transaction Costs | Amortization of Acquired Intangibles | Net Losses on Sales of Businesses ¹ | Net Impact of Various Discrete Tax Items ² | Adjusted Results |
|---|-----------------|-----------------------------|---|---|--|------------------|
| Net Revenue | \$ 8,031.6 | | | | | \$ 8,031.6 |
| Billable Expenses | 1,682.8 | | | | | 1,682.8 |
| Total Revenue | 9,714.4 | | | | | 9,714.4 |
| Cost of Services | 8,336.2 | | | | | 8,336.2 |
| Selling, General and Administrative Expenses | 166.5 | \$ 35.0 | | | | 131.5 |
| Depreciation and Amortization | 202.9 | | \$ 37.6 | | | 165.3 |
| Restructuring Charges | 0.0 | | | | | 0.0 |
| Total Operating Expense | 8,705.6 | 35.0 | 37.6 | | | 8,633.0 |
| Operating Income | 1,008.8 | \$ (35.0) | (37.6) | | | 1,081.4 |
| <i>Margin on Net Revenue %</i> | <i>12.6%</i> | | | | | <i>13.5%</i> |
| Interest Expense, Net | (101.2) | (3.3) | | | | (97.9) |
| Other Expense, Net | (69.6) | (10.3) | | \$ (61.9) | | 2.6 |
| Total (Expenses) and Other Income | (170.8) | (13.6) | | (61.9) | | (95.3) |
| Income Before Income Taxes | 838.0 | (48.6) | (37.6) | (61.9) | | 986.1 |
| Provision for Income Taxes | 199.2 | 12.1 | 4.8 | 2.2 | \$ 23.4 | 241.7 |
| <i>Effective Tax Rate</i> | <i>23.8%</i> | | | | | <i>24.5%</i> |
| Equity in Net Loss of Unconsolidated Affiliates | (1.1) | | | | | (1.1) |
| Net Income Attributable to Noncontrolling Interests | (18.8) | | | | | (18.8) |
| Net Income Available to IPG Common Stockholders | \$ 618.9 | \$ (36.5) | \$ (32.8) | \$ (59.7) | \$ 23.4 | \$ 724.5 |
| Weighted-Average Number of Common Shares Outstanding - Basic | 383.3 | | | | | 383.3 |
| Dilutive effect of stock options and restricted shares | 5.7 | | | | | 5.7 |
| Weighted-Average Number of Common Shares Outstanding - Diluted | 389.0 | | | | | 389.0 |

Earnings Per Share Available to IPG Common Stockholders

| | | | | | | |
|---------|---------|-----------|-----------|-----------|---------|---------|
| Basic | \$ 1.61 | \$ (0.10) | \$ (0.09) | \$ (0.16) | \$ 0.06 | \$ 1.89 |
| Diluted | \$ 1.59 | \$ (0.09) | \$ (0.08) | \$ (0.15) | \$ 0.06 | \$ 1.86 |

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

² Includes a tax benefit of \$16.9 from net adjustments to the valuation allowance and a benefit of \$6.5 in the fourth quarter related to the estimated costs associated with our change in assertion (APB 23) that we will no longer permanently reinvest undistributed earnings attributable to certain foreign subsidiaries.

³ Earnings per share may not add due to rounding.

Note: 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.



FOURTH QUARTER & FULL YEAR 2019
EARNINGS CONFERENCE CALL

Interpublic Group
February 12, 2020

Overview

- Fourth quarter 2019 net revenue increased 0.8%
- Fourth quarter organic growth of net revenue was 2.9%, comprised of 2.1% in the US and 4.1% in our international market
- FY-19 net revenue increased 7.4%, with organic growth of 3.3%
- FY-19 net income was \$656 million
- FY-19 adjusted EBITA margin was 14.0%, an increase of 50 bps, and adjusted EBITA increased 11.3%
- FY-19 diluted EPS was \$1.68, and adjusted diluted EPS was \$1.93 compared with \$1.86 in FY-18 as similarly adjusted
- Total debt decreased by \$408 million from a year ago
- Increased quarterly common share dividend 9% to \$0.255

"Organic growth" refers exclusively to the organic change of net revenue. Full year adjusted EBITA is operating income as adjusted for amortization of acquired intangibles, first quarter restructuring charges in 2019 and Acxiom transaction costs in 2018. Adjusted diluted EPS is adjusted for amortization of acquired intangibles, sales of businesses, discrete tax items, first quarter restructuring charges in 2019 and Acxiom transaction costs in 2018. See reconciliations of organic net revenue change on pages 17-18 and adjusted non-GAAP reconciliations on pages 19-23.



Operating Performance

(Amounts in Millions,
except per share amounts)

| | Three Months Ended December 31, | |
|--|---------------------------------|-----------------|
| | 2019 | 2018 |
| Net Revenue | \$ 2,433.0 | \$ 2,413.7 |
| Billable Expenses | 468.8 | 442.3 |
| Total Revenue | 2,901.8 | 2,856.0 |
| Salaries and Related Expenses | 1,432.1 | 1,423.7 |
| Office and Other Direct Expenses | 419.7 | 381.0 |
| Billable Expenses | 468.8 | 442.3 |
| Cost of Services | 2,320.6 | 2,247.0 |
| Selling, General and Administrative Expenses ⁽¹⁾ | 24.5 | 81.0 |
| Depreciation and Amortization | 65.4 | 68.9 |
| Restructuring Charges | 0.0 | 0.0 |
| Operating Income | 491.3 | 459.1 |
| Interest Expense, net | (38.7) | (41.6) |
| Other Expense, net | (24.8) | (13.6) |
| Income Before Income Taxes | 427.8 | 403.9 |
| Provision for Income Taxes | 86.1 | 62.2 |
| Equity in Net Income of Unconsolidated Affiliates | 0.5 | 0.8 |
| Net Income | 342.2 | 342.5 |
| Net Income Attributable to Noncontrolling Interests | (13.3) | (16.3) |
| Net Income Available to IPG Common Stockholders | \$ 328.9 | \$ 326.2 |
| | | |
| <i>Earnings per Share Available to IPG Common Stockholders - Basic</i> | \$ 0.85 | \$ 0.85 |
| <i>Earnings per Share Available to IPG Common Stockholders - Diluted</i> | \$ 0.84 | \$ 0.84 |
| | | |
| <i>Weighted-Average Number of Common Shares Outstanding - Basic</i> | 386.9 | 383.4 |
| <i>Weighted-Average Number of Common Shares Outstanding - Diluted</i> | 393.3 | 390.3 |
| | | |
| <i>Dividends Declared per Common Share</i> | \$ 0.235 | \$ 0.210 |

⁽¹⁾ Includes \$22.6 related to Axiom transaction costs in 2018.

Net Revenue

(\$ in Millions)

| | Three Months Ended | | Twelve Months Ended | |
|---------------------------------|--------------------|-------------|---------------------|-------------|
| | \$ | % Change | \$ | % Change |
| December 31, 2018 | \$ 2,413.7 | | \$ 8,031.6 | |
| Total change | 19.3 | 0.8% | 593.5 | 7.4% |
| Foreign currency | (24.0) | (1.0%) | (143.1) | (1.7%) |
| Net acquisitions/(divestitures) | (27.5) | (1.1%) | 467.8 | 5.8% |
| Organic | 70.8 | 2.9% | 268.8 | 3.3% |
| December 31, 2019 | \$ 2,433.0 | | \$ 8,625.1 | |

| | Three Months Ended December 31, | | | | Twelve Months Ended December 31, | | | |
|---------------------------|------------------------------------|------------|---------|-------|-------------------------------------|------------|---------|-------|
| | | | Change | | | | Change | |
| | 2019 | 2018 | Organic | Total | 2019 | 2018 | Organic | Total |
| IAN ⁽¹⁾ | \$ 2,087.3 | \$ 2,076.6 | 2.9% | 0.5% | \$ 7,348.2 | \$ 6,767.5 | 3.5% | 8.6% |
| CMG | \$ 345.7 | \$ 337.1 | 3.3% | 2.6% | \$ 1,276.9 | \$ 1,264.1 | 2.3% | 1.0% |

⁽¹⁾ Results for December 31, 2018 have been recast to conform to the current-period presentation.

See reconciliations of segment organic net revenue change on pages 17-18.



Geographic Net Revenue Change

| | Three Months Ended December 31, 2019 | | Twelve Months Ended December 31, 2019 | |
|--------------------|---|--------------|--|--------------|
| | Organic | Total | Organic | Total |
| United States | 2.1% | 1.5% | 1.9% | 11.6% |
| International | 4.1% | (0.2%) | 5.5% | 1.0% |
| United Kingdom | 4.0% | 2.9% | 3.7% | 2.1% |
| Continental Europe | 6.2% | (0.6%) | 7.3% | 0.7% |
| Asia Pacific | (3.0%) | (7.8%) | (0.3%) | (4.3%) |
| Latin America | 17.1% | 8.6% | 21.8% | 11.4% |
| All Other Markets | 4.7% | 4.7% | 4.6% | 2.1% |
| Worldwide | 2.9% | 0.8% | 3.3% | 7.4% |

"All Other Markets" includes Canada, Africa and the Middle East.
See reconciliations of organic net revenue change on pages 17-18.



Operating Expenses % of Net Revenue

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|-------|-------------------------------------|-------|
| | 2019 | 2018 | 2019 | 2018 |
| Salaries & Related | 58.9% | 59.0% | 64.6% | 66.0% |
| Office & Other Direct | 17.3% | 15.8% | 18.1% | 16.9% |
| Selling, General & Administrative ⁽¹⁾ | 1.0% | 3.4% | 1.1% | 2.1% |
| Depreciation and Amortization ⁽²⁾⁽³⁾ | 1.8% | 1.9% | 2.2% | 2.0% |
| Amortization of Acquired Intangibles ⁽³⁾ | 0.9% | 0.9% | 1.0% | 0.5% |
| Restructuring | 0.0% | 0.0% | 0.4% | 0.0% |

⁽¹⁾ The three and twelve months ended December 31, 2018 included transaction costs of 0.9% and 0.4% of net revenue, respectively, related to the acquisition of Acxiom in 2018.

⁽²⁾ Excludes amortization of acquired intangibles.

⁽³⁾ For the twelve months ended December 31, 2019, depreciation and amortization from Acxiom, including amortization of acquired intangibles, was 1.3% of net revenue.

Adjusted Diluted Earnings Per Share

(Amounts in Millions,
except per share amounts)

Three Months Ended December 31, 2019

| | As Reported | Amortization of Acquired Intangibles | Net Losses on Sales of Businesses | Tax Valuation Allowance Reversals | Adjusted Results |
|--|-------------|---|--------------------------------------|--------------------------------------|---------------------|
| Operating Income and EBITA | \$ 491.3 | \$ (21.4) | | | \$ 512 |
| Total (Expenses) and Other Income | (63.5) | | \$ (24.0) | | (39) |
| Income Before Income Taxes | 427.8 | (21.4) | (24.0) | | 473 |
| Provision for Income Taxes | 86.1 | 4.2 | 0.4 | \$ 25.3 | 116 |
| Effective Tax Rate | 20.1% | | | | 24 |
| Equity in Net Income of Unconsolidated Affiliates | 0.5 | | | | 0 |
| Net Income Attributable to Noncontrolling Interests | (13.3) | | | | (13) |
| Diluted EPS Components: | | | | | |
| Net Income Available to IPG Common Stockholders | \$ 328.9 | \$ (17.2) | \$ (23.6) | \$ 25.3 | \$ 344 |
| Weighted-Average Number of Common Shares Outstanding- Diluted | 393.3 | | | | 393 |
| Earnings Per Share Available to IPG Common Stockholders ⁽¹⁾: | \$ 0.84 | \$ (0.04) | \$ (0.06) | \$ 0.06 | \$ 0.8 |

⁽¹⁾ Earnings per share may not add due to rounding.

See full reconciliation of adjusted non-GAAP diluted earnings per share on page 19.



Adjusted Diluted Earnings Per Share

(Amounts in Millions,
except per share amounts)

| | Twelve Months Ended December 31, 2019 | | | | | |
|--|---------------------------------------|--------------------------------------|-------------------------------|-----------------------------------|---|------------------|
| | As Reported | Amortization of Acquired Intangibles | Q1 2019 Restructuring Charges | Net Losses on Sales of Businesses | Net Impact of Various Discrete Tax Items ⁽¹⁾ | Adjusted Results |
| Operating Income and Adjusted EBITA | \$ 1,086.0 | \$ (86.0) | \$ (31.8) | | | \$ 1,200.0 |
| Total (Expenses) and Other Income | (207.7) | | | \$ (46.3) | | (164.0) |
| Income Before Income Taxes | 878.3 | (86.0) | (31.8) | (46.3) | | 1,014.2 |
| Provision for Income Taxes | 204.8 | 16.9 | 7.6 | 0.4 | \$ 39.2 | 268.9 |
| Effective Tax Rate | 23.3% | | | | | |
| Equity in Net Income of Unconsolidated Affiliates | 0.4 | | | | | |
| Net Income Attributable to Noncontrolling Interests | (17.9) | | | | | (17.9) |
| Diluted EPS Components: | | | | | | |
| Net Income Available to IPG Common Stockholders | \$ 656.0 | \$ (69.1) | \$ (24.2) | \$ (45.9) | \$ 39.2 | \$ 706.0 |
| Weighted-Average Number of Common Shares Outstanding- Diluted | 391.2 | | | | | 391.2 |
| Earnings Per Share Available to IPG Common Stockholders ⁽²⁾: | \$ 1.68 | \$ (0.18) | \$ (0.06) | \$ (0.12) | \$ 0.10 | \$ 1.42 |

⁽¹⁾ Includes \$13.9 million related to the settlement of certain tax positions in the second quarter of 2019 and \$25.3 million related to tax valuation allowance reversals in the fourth quarter of 2019.

⁽²⁾ Earnings per share may not add due to rounding.

See full reconciliation of adjusted non-GAAP diluted earnings per share on page 20.



Cash Flow

(\$ in Millions)

| | Twelve Months Ended December 31, | |
|--|----------------------------------|-------------------|
| | 2019 | 2018 |
| NET INCOME | \$ 673.9 | \$ 637.7 |
| OPERATING ACTIVITIES | | |
| Depreciation & amortization | 368.0 | 291.6 |
| Deferred taxes | 9.7 | 14.1 |
| Net losses on sales of businesses | 43.4 | 61.9 |
| Other non-cash items | 20.0 | 7.7 |
| Change in working capital, net | 442.8 | (431.1) |
| Change in operating lease right-of-use assets and lease liabilities | 0.7 | — |
| Change in other non-current assets & liabilities | (29.3) | (16.8) |
| Net cash provided by Operating Activities | 1,529.2 | 565.1 |
| INVESTING ACTIVITIES | | |
| Capital expenditures | (198.5) | (177.1) |
| Acquisitions, net of cash acquired | (0.6) | (2,309.8) |
| Other investing activities | 37.4 | (4.6) |
| Net cash used in Investing Activities | (161.7) | (2,491.5) |
| FINANCING ACTIVITIES | | |
| Exercise of stock options | 4.3 | 15.5 |
| Proceeds from long-term debt | — | 2,494.2 |
| Repurchases of common stock | — | (117.1) |
| Repayments of long-term debt | (403.3) | (104.8) |
| Common stock dividends | (363.1) | (322.1) |
| Tax payments for employee shares withheld | (22.4) | (29.2) |
| Distributions to noncontrolling interests | (21.6) | (16.9) |
| Net decrease in short-term borrowings | (19.8) | (17.5) |
| Acquisition-related payments | (15.8) | (33.7) |
| Other financing activities | (1.3) | (15.2) |
| Net cash (used in) provided by Financing Activities | (843.0) | 1,853.2 |
| Currency effect | (6.0) | (47.3) |
| Net increase (decrease) in Cash, Cash Equivalents and Restricted Cash | \$ 518.5 | \$ (120.5) |

Balance Sheet – Current Portion

(\$ in Millions)

| | <u>December 31, 2019</u> | <u>December 31, 2018</u> |
|--|--------------------------|--------------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 1,192.2 | \$ 673.4 |
| Accounts receivable, net | 5,209.2 | 5,126.6 |
| Accounts receivable, billable to clients | 1,934.1 | 1,900.6 |
| Assets held for sale | 22.8 | 5.7 |
| Other current assets | 412.4 | 476.6 |
| Total current assets | \$ 8,770.7 | \$ 8,182.9 |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 7,205.4 | \$ 6,698.1 |
| Accrued liabilities | 742.8 | 806.9 |
| Contract liabilities | 585.6 | 533.9 |
| Short-term borrowings | 52.4 | 73.7 |
| Current portion of long-term debt ⁽¹⁾ | 502.0 | 0.1 |
| Current portion of operating leases ⁽²⁾ | 267.2 | — |
| Liabilities held for sale | 65.0 | 11.2 |
| Total current liabilities | \$ 9,420.4 | \$ 8,123.9 |

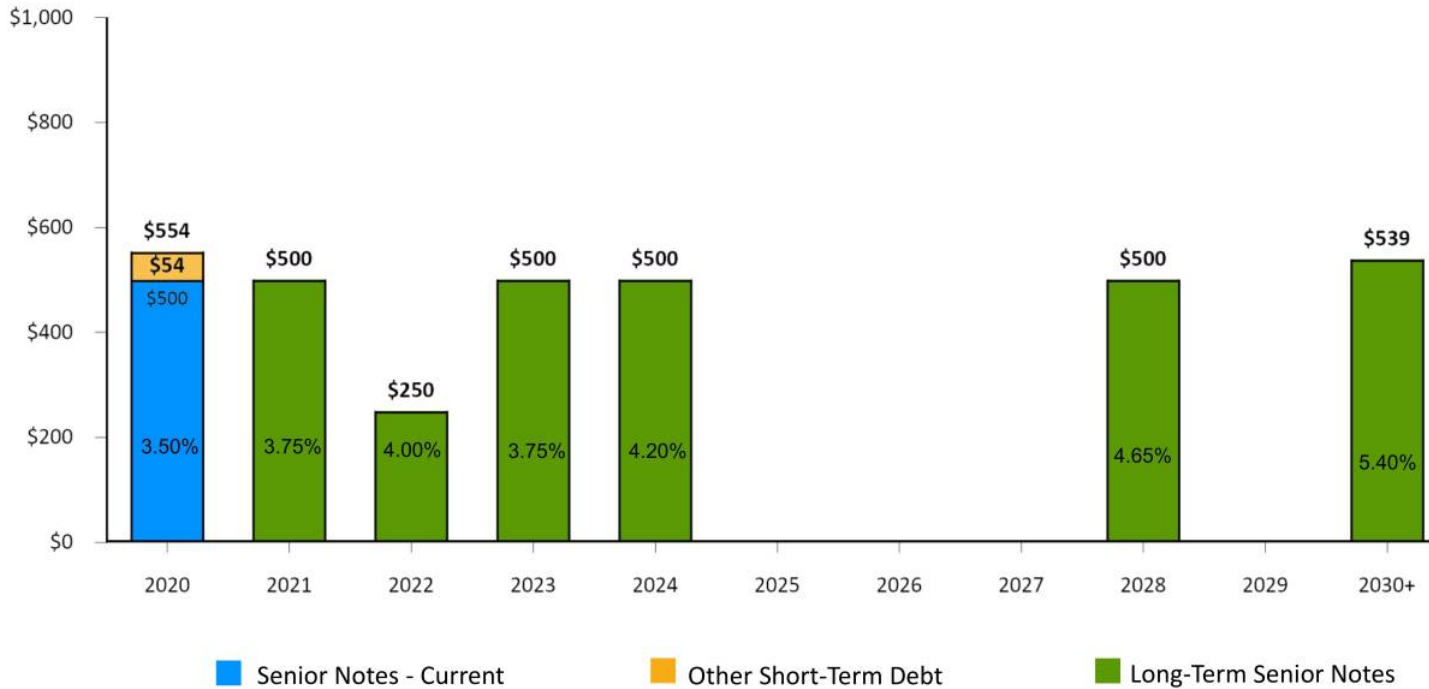
⁽¹⁾ Increase primarily relates to our 2020 Senior Notes due on October 1, 2020.

⁽²⁾ Increase from prior periods is due to adoption of new lease accounting standard.

Debt Maturity Schedule

(\$ in Millions)

Total Debt = \$3.3 billion



Senior Notes shown at face value on December 31, 2019

Summary

- Foundation for sustained value creation in top talent and key strategic initiatives
 - Quality of our offerings and strength of our agency brands
 - "Open architecture" solutions
 - Data management at scale
 - Fully integrated digital competencies
 - Increasing performance-based revenue streams
- Effective expense management an ongoing priority
- Continued focus on growth and margin improvement
- Financial strength an ongoing source of value creation



Interpublic Group

Appendix

Operating Performance

(Amounts in Millions,
except per share amounts)

| | Twelve Months Ended December 31, | |
|--|----------------------------------|-----------------|
| | 2019 | 2018 |
| Net Revenue | \$ 8,625.1 | \$ 8,031.6 |
| Billable Expenses | 1,596.2 | 1,682.8 |
| Total Revenue | 10,221.3 | 9,714.4 |
| Salaries and Related Expenses | 5,568.8 | 5,298.3 |
| Office and Other Direct Expenses | 1,564.1 | 1,355.1 |
| Billable Expenses | 1,596.2 | 1,682.8 |
| Cost of Services | 8,729.1 | 8,336.2 |
| Selling, General and Administrative Expenses ⁽¹⁾ | 93.8 | 166.5 |
| Depreciation and Amortization ⁽²⁾ | 278.5 | 202.9 |
| Restructuring Charges | 33.9 | — |
| Operating Income | 1,086.0 | 1,008.8 |
| Interest Expense, net ⁽¹⁾ | (164.8) | (101.2) |
| Other Expense, net ⁽¹⁾ | (42.9) | (69.6) |
| Income Before Income Taxes | 878.3 | 838.0 |
| Provision for Income Taxes | 204.8 | 199.2 |
| Equity in Net Income (Loss) of Unconsolidated Affiliates | 0.4 | (1.1) |
| Net Income | 673.9 | 637.7 |
| Net Income Attributable to Noncontrolling Interests | (17.9) | (18.8) |
| Net Income Available to IPG Common Stockholders | \$ 656.0 | \$ 618.9 |
| <i>Earnings per Share Available to IPG Common Stockholders - Basic</i> | \$ 1.70 | \$ 1.61 |
| <i>Earnings per Share Available to IPG Common Stockholders - Diluted</i> | \$ 1.68 | \$ 1.59 |
| <i>Weighted-Average Number of Common Shares Outstanding - Basic</i> | 386.1 | 383.3 |
| <i>Weighted-Average Number of Common Shares Outstanding - Diluted</i> | 391.2 | 389.0 |
| <i>Dividends Declared per Common Share</i> | \$ 0.940 | \$ 0.840 |

⁽¹⁾ Includes \$35.0 in Selling, General and Administrative Expenses, \$3.3 in Interest Expense, net, and \$10.3 in Other Expense, net related to Axiom transaction costs in 2018.

⁽²⁾ Includes \$86.0 and \$37.6 of amortization of acquired intangibles in 2019 and 2018, respectively.



Cash Flow

(\$ in Millions)

| | Three Months Ended December 31, | |
|--|---------------------------------|---------------------|
| | 2019 | 2018 |
| NET INCOME | \$ 342.2 | \$ 342.5 |
| OPERATING ACTIVITIES | | |
| Depreciation & amortization | 89.6 | 93.7 |
| Deferred taxes | 11.2 | 37.0 |
| Net losses on sales of businesses | 23.9 | 11.9 |
| Other non-cash items | 10.8 | (5.9) |
| Change in working capital, net | 603.1 | 436.2 |
| Change in operating lease right-of-use assets and lease liabilities | (2.1) | — |
| Change in other non-current assets & liabilities | 26.9 | (23.6) |
| Net cash provided by Operating Activities | 1,105.6 | 891.8 |
| INVESTING ACTIVITIES | | |
| Capital expenditures | (64.7) | (71.4) |
| Acquisitions, net of cash acquired ⁽¹⁾ | — | (2,297.8) |
| Other investing activities | 23.7 | (5.7) |
| Net cash used in Investing Activities | (41.0) | (2,374.9) |
| FINANCING ACTIVITIES | | |
| Exercise of stock options | 0.1 | 6.4 |
| Proceeds from long-term debt | — | 500.0 |
| Net decrease in short-term borrowings | (192.9) | (12.9) |
| Repayments of long-term debt | (103.1) | (99.9) |
| Common stock dividends | (90.9) | (80.5) |
| Distributions to noncontrolling interests | (9.2) | (3.5) |
| Acquisition-related payments | (0.5) | (3.3) |
| Tax payments for employee shares withheld | (0.1) | (0.4) |
| Other financing activities | (1.4) | (3.3) |
| Net cash (used in) provided by financing activities | (398.0) | 302.6 |
| Currency effect | 5.1 | (12.0) |
| Net increase (decrease) in Cash, Cash Equivalents and Restricted Cash | \$ 671.7 | \$ (1,192.5) |

⁽¹⁾ Decrease primarily relates to the acquisition of Acxiom in the fourth quarter of 2018.

Depreciation and Amortization

(\$ in Millions)

| | 2019 | | | | |
|--|---------|---------|---------|---------|----------|
| | Q1 | Q2 | Q3 | Q4 | FY 2019 |
| Depreciation and amortization ⁽¹⁾ | \$ 49.5 | \$ 51.7 | \$ 47.3 | \$ 44.0 | \$ 192.5 |
| Amortization of acquired intangibles ⁽²⁾ | 21.6 | 21.3 | 21.7 | 21.4 | 86.0 |
| Amortization of restricted stock and other non-cash compensation | 28.2 | 15.9 | 14.2 | 21.9 | 80.2 |
| Net amortization of bond discounts and deferred financing costs | 2.3 | 2.3 | 2.4 | 2.3 | 9.3 |
| | 2018 | | | | |
| | Q1 | Q2 | Q3 | Q4 | FY 2018 |
| Depreciation and amortization ⁽¹⁾ | \$ 40.7 | \$ 38.8 | \$ 38.9 | \$ 46.9 | \$ 165.3 |
| Amortization of acquired intangibles ⁽²⁾ | 5.3 | 5.2 | 5.1 | 22.0 | 37.6 |
| Amortization of restricted stock and other non-cash compensation | 30.0 | 16.0 | 13.7 | 22.5 | 82.2 |
| Net amortization of bond discounts and deferred financing costs | 1.4 | 1.3 | 1.5 | 2.3 | 6.5 |

⁽¹⁾ Excludes amortization of acquired intangibles.

⁽²⁾ The increase in amortization for 2019 as compared to 2018 primarily relates to the acquisition of Acxiom during the fourth quarter of 2018.



Reconciliation of Organic Net Revenue

(\$ in Millions)

| Segment | 3 Months Ended Dec 31, 2018 | Components of Change | | | 3 Months Ended Dec 31, 2019 | Change | |
|----------------------|--------------------------------|----------------------|--------------------------------------|----------------|--------------------------------|-------------|---------------|
| | | Foreign Currency | Net Acquisitions / (Divestitures) | Organic | | Organic | Total |
| Segment | | | | | | | |
| IAN ⁽¹⁾ | \$ 2,076.6 | \$ (21.8) | \$ (27.3) | \$ 59.8 | \$ 2,087.3 | 2.9% | 0.5% |
| CMG | 337.1 | (2.2) | (0.2) | 11.0 | 345.7 | 3.3% | 2.6% |
| Total | \$ 2,413.7 | \$ (24.0) | \$ (27.5) | \$ 70.8 | \$ 2,433.0 | 2.9% | 0.8% |
| Geographic | | | | | | | |
| United States | \$ 1,400.3 | \$ 0.0 | \$ (8.5) | \$ 29.5 | \$ 1,421.3 | 2.1% | 1.5% |
| International | 1,013.4 | (24.0) | (19.0) | 41.3 | 1,011.7 | 4.1% | (0.2%) |
| United Kingdom | 198.5 | (2.3) | 0.0 | 8.0 | 204.2 | 4.0% | 2.9% |
| Continental Europe | 248.1 | (10.0) | (7.0) | 15.5 | 246.6 | 6.2% | (0.6%) |
| Asia Pacific | 293.2 | (3.2) | (11.1) | (8.7) | 270.2 | (3.0%) | (7.8%) |
| Latin America | 110.2 | (8.7) | (0.6) | 18.8 | 119.7 | 17.1% | 8.6% |
| All Other Markets | 163.4 | 0.2 | (0.3) | 7.7 | 171.0 | 4.7% | 4.7% |
| Worldwide | \$ 2,413.7 | \$ (24.0) | \$ (27.5) | \$ 70.8 | \$ 2,433.0 | 2.9% | 0.8% |

⁽¹⁾ Results for December 31, 2018 have been recast to conform to the current-period presentation.



Reconciliation of Organic Net Revenue

(\$ in Millions)

| Segment | 12 Months Ended Dec 31, 2018 | Components of Change | | | 12 Months Ended Dec 31, 2019 | Change | |
|----------------------|---------------------------------|----------------------|---|-----------------|---------------------------------|-------------|--------------|
| | | Foreign Currency | Net Acquisitions / (Divestitures) ⁽¹⁾ | Organic | | Organic | Total |
| IAN ⁽²⁾ | \$ 6,767.5 | \$ (124.5) | \$ 465.5 | \$ 239.7 | \$ 7,348.2 | 3.5% | 8.6% |
| CMG | 1,264.1 | (18.6) | 2.3 | 29.1 | 1,276.9 | 2.3% | 1.0% |
| Total | \$ 8,031.6 | \$ (143.1) | \$ 467.8 | \$ 268.8 | \$ 8,625.1 | 3.3% | 7.4% |
| Geographic | | | | | | | |
| United States | \$ 4,825.0 | \$ 0.0 | \$ 469.9 | \$ 91.2 | \$ 5,386.1 | 1.9% | 11.6% |
| International | 3,206.6 | (143.1) | (2.1) | 177.6 | 3,239.0 | 5.5% | 1.0% |
| United Kingdom | 711.7 | (32.0) | 20.8 | 26.5 | 727.0 | 3.7% | 2.1% |
| Continental Europe | 737.5 | (40.6) | (8.4) | 53.9 | 742.4 | 7.3% | 0.7% |
| Asia Pacific | 896.8 | (26.2) | (9.9) | (2.4) | 858.3 | (0.3%) | (4.3%) |
| Latin America | 350.1 | (34.4) | (2.1) | 76.3 | 389.9 | 21.8% | 11.4% |
| All Other Markets | 510.5 | (9.9) | (2.5) | 23.3 | 521.4 | 4.6% | 2.1% |
| Worldwide | \$ 8,031.6 | \$ (143.1) | \$ 467.8 | \$ 268.8 | \$ 8,625.1 | 3.3% | 7.4% |

⁽¹⁾ Includes net revenue from Acxiom for the first nine months of 2019.

⁽²⁾ Results for December 31, 2018 have been recast to conform to the current-period presentation.

Reconciliation of Adjusted Results ⁽¹⁾

(Amounts in Millions,
except per share amounts)

| | Three Months Ended December 31, 2019 | | | | |
|--|--------------------------------------|--|---|---|---------------------|
| | As Reported | Amortization of Acquired Intangibles | Net Losses on Sales of Businesses | Tax Valuation Allowance Reversals | Adjusted Results |
| Operating Income and EBITA | \$ 491.3 | \$ (21.4) | | | \$ 512.7 |
| Total (Expenses) and Other Income | (63.5) | | \$ (24.0) | | (39.5) |
| Income Before Income Taxes | 427.8 | (21.4) | (24.0) | | 473.2 |
| Provision for Income Taxes | 86.1 | 4.2 | 0.4 | \$ 25.3 | 116.0 |
| Effective Tax Rate | 20.1% | | | | 24.5% |
| Equity in Net Income of Unconsolidated Affiliates | 0.5 | | | | 0.5 |
| Net Income Attributable to Noncontrolling Interests | (13.3) | | | | (13.3) |
| Net Income Available to IPG Common Stockholders | \$ 328.9 | \$ (17.2) | \$ (23.6) | \$ 25.3 | \$ 344.4 |
| Weighted-Average Number of Common Shares Outstanding - Basic | 386.9 | | | | 386.9 |
| Dilutive effect of stock options and restricted shares | 6.4 | | | | 6.4 |
| Weighted-Average Number of Common Shares Outstanding - Diluted | 393.3 | | | | 393.3 |
| Earnings Per Share Available to IPG Common Stockholders ⁽²⁾: | | | | | |
| Basic | \$ 0.85 | \$ (0.04) | \$ (0.06) | \$ 0.07 | \$ 0.89 |
| Diluted | \$ 0.84 | \$ (0.04) | \$ (0.06) | \$ 0.06 | \$ 0.88 |

⁽¹⁾ The table reconciles our reported results to our adjusted non-GAAP results. 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.

⁽²⁾ Earnings per share may not add due to rounding.

Reconciliation of Adjusted Results ⁽¹⁾

(Amounts in Millions,
except per share amounts)

| | Twelve Months Ended December 31, 2019 | | | | | |
|--|---------------------------------------|--|-------------------------------------|---|--|-------------|
| | As Reported | Amortization of Acquired Intangibles | Q1 2019 Restructuring Charges | Net Losses on Sales of Businesses | Net Impact of Various Discrete Tax Items ⁽²⁾ | As Reported |
| Operating Income and Adjusted EBITA | \$ 1,086.0 | \$ (86.0) | \$ (31.8) | | | \$ |
| Total (Expenses) and Other Income | (207.7) | | | \$ (46.3) | | |
| Income Before Income Taxes | 878.3 | (86.0) | (31.8) | (46.3) | | |
| Provision for Income Taxes | 204.8 | 16.9 | 7.6 | 0.4 | \$ 39.2 | |
| Effective Tax Rate | 23.3% | | | | | |
| Equity in Net Income of Unconsolidated Affiliates | 0.4 | | | | | |
| Net Income Attributable to Noncontrolling Interests | (17.9) | | | | | |
| Net Income Available to IPG Common Stockholders | \$ 656.0 | \$ (69.1) | \$ (24.2) | \$ (45.9) | \$ 39.2 | \$ |
| Weighted-Average Number of Common Shares Outstanding - Basic | 386.1 | | | | | |
| Dilutive effect of stock options and restricted shares | 5.1 | | | | | |
| Weighted-Average Number of Common Shares Outstanding - Diluted | 391.2 | | | | | |
| Earnings Per Share Available to IPG Common Stockholders ⁽³⁾: | | | | | | |
| Basic | \$ 1.70 | \$ (0.18) | \$ (0.06) | \$ (0.12) | \$ 0.10 | \$ |
| Diluted | \$ 1.68 | \$ (0.18) | \$ (0.06) | \$ (0.12) | \$ 0.10 | \$ |

(1) The table reconciles our reported results to our adjusted non-GAAP results. 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.

(2) Includes \$13.9 million related to the settlement of certain tax positions in the second quarter of 2019 and \$25.3 million related to tax valuation allowance reversals in the fourth quarter of 2019.

(3) Earnings per share may not add due to rounding.



Adjusted EBITA Reconciliation ⁽¹⁾

(Amounts in Millions)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|-----------------|-------------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net Revenue | \$ 2,433.0 | \$ 2,413.7 | \$ 8,625.1 | \$ 8,031.1 |
| Non-GAAP Reconciliation: | | | | |
| Net Income Available to IPG Common Stockholders | \$ 328.9 | \$ 326.2 | \$ 656.0 | \$ 611.1 |
| Add Back: | | | | |
| Provision for Income Taxes | 86.1 | 62.2 | 204.8 | 151.1 |
| Subtract: | | | | |
| Total (Expenses) and Other Income | (63.5) | (55.2) | (207.7) | (171.1) |
| Equity in Net Income (Loss) of Unconsolidated Affiliates | 0.5 | 0.8 | 0.4 | — |
| Net Income Attributable to Noncontrolling Interests | (13.3) | (16.3) | (17.9) | (11.1) |
| Operating Income | 491.3 | 459.1 | 1,086.0 | 1,000.0 |
| Add Back: | | | | |
| Amortization of Acquired Intangibles | 21.4 | 22.0 | 86.0 | 31.1 |
| EBITA | 512.7 | 481.1 | 1,172.0 | 1,031.1 |
| <i>EBITA Margin on Net Revenue %</i> | 21.1% | 19.9% | 13.6% | 12.8% |
| Q1 2019 Restructuring Charges | — | — | 31.8 | — |
| Acxiom Transaction Costs | — | 22.6 | — | — |
| Adjusted EBITA | \$ 512.7 | \$ 503.7 | \$ 1,203.8 | \$ 1,031.1 |
| <i>Adjusted EBITA Margin on Net Revenue %</i> | 21.1% | 20.9% | 14.0% | 12.8% |

⁽¹⁾ The table reconciles our reported results to our adjusted non-GAAP results. 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⁾

(Amounts in Millions,
except per share amounts)

Three Months Ended December 31, 2018

| | As Reported | Axiom Transaction Costs ⁽²⁾ | Amortization of Acquired Intangibles | Net Losses on Sales of Businesses | Net Impact of Various Discrete Tax Items ⁽³⁾ | Adj Re |
|--|-------------|--|--|---|---|-----------|
| Operating Income and Adjusted EBITA | \$ 459.1 | \$ (22.6) | \$ (22.0) | | | \$ |
| Total (Expenses) and Other Income | (55.2) | | | \$ (11.9) | | |
| Income Before Income Taxes | 403.9 | (22.6) | (22.0) | (11.9) | | |
| Provision for Income Taxes | 62.2 | 5.6 | 4.2 | 1.1 | \$ 23.4 | |
| Effective Tax Rate | 15.4% | | | | | |
| Equity in Net Income of Unconsolidated Affiliates | 0.8 | | | | | |
| Net Income Attributable to Noncontrolling Interests | (16.3) | | | | | |
| Net Income Available to IPG Common Stockholders | \$ 326.2 | \$ (17.0) | \$ (17.8) | \$ (10.8) | \$ 23.4 | \$ |
| Weighted-Average Number of Common Shares Outstanding - Basic | 383.4 | | | | | |
| Dilutive Effect of Stock Options and Restricted Shares | 6.9 | | | | | |
| Weighted-Average Number of Common Shares Outstanding - Diluted | 390.3 | | | | | |
| Earnings per Share Available to IPG Common Stockholders ⁽⁴⁾: | | | | | | |
| Basic | \$ 0.85 | \$ (0.04) | \$ (0.05) | \$ (0.03) | \$ 0.06 | \$ |
| Diluted | \$ 0.84 | \$ (0.04) | \$ (0.05) | \$ (0.03) | \$ 0.06 | \$ |

(1) The table reconciles our reported results to our adjusted non-GAAP results. 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.

(2) Axiom transaction costs of \$22.6 recorded in Selling, General and Administrative Expenses.

(3) Includes a tax benefit of \$16.9 from net adjustments to the valuation allowance and a benefit of \$6.5 related to the estimated costs associated with our change in assertion (APB 23) that we will no longer permanently reinvest undistributed earnings attributable to certain foreign subsidiaries.

(4) Earnings per share may not add due to rounding.

Reconciliation of Adjusted Results ⁽¹⁾

(Amounts in Millions,
except per share amounts)

Twelve Months Ended December 31, 2018

| | As Reported | Acxiom Transaction Costs ⁽²⁾ | Amortization of Acquired Intangibles | Net Losses on Sales of Businesses | Net Impact of Various Discrete Tax Items ⁽³⁾ | Ad Re |
|--|-----------------|---|--|---|---|-----------|
| Operating Income and Adjusted EBITA | \$ 1,008.8 | \$ (35.0) | \$ (37.6) | | | \$ |
| Total (Expenses) and Other Income | (170.8) | (13.6) | | \$ (61.9) | | |
| Income Before Income Taxes | 838.0 | (48.6) | (37.6) | (61.9) | | |
| Provision for Income Taxes | 199.2 | 12.1 | 4.8 | 2.2 | \$ 23.4 | |
| Effective Tax Rate | 23.8% | | | | | |
| Equity in Net Loss of Unconsolidated Affiliates | (1.1) | | | | | |
| Net Income Attributable to Noncontrolling Interests | (18.8) | | | | | |
| Net Income Available to IPG Common Stockholders | \$ 618.9 | \$ (36.5) | \$ (32.8) | \$ (59.7) | \$ 23.4 | \$ |
| Weighted-Average Number of Common Shares Outstanding - Basic | 383.3 | | | | | |
| Dilutive Effect of Stock Options and Restricted Shares | 5.7 | | | | | |
| Weighted-Average Number of Common Shares Outstanding - Diluted | 389.0 | | | | | |
| Earnings per Share Available to IPG Common Stockholders ⁽⁴⁾: | | | | | | |
| Basic | \$ 1.61 | \$ (0.10) | \$ (0.09) | \$ (0.16) | \$ 0.06 | \$ |
| Diluted | \$ 1.59 | \$ (0.09) | \$ (0.08) | \$ (0.15) | \$ 0.06 | \$ |

(1) The table reconciles our reported results to our adjusted non-GAAP results. 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.

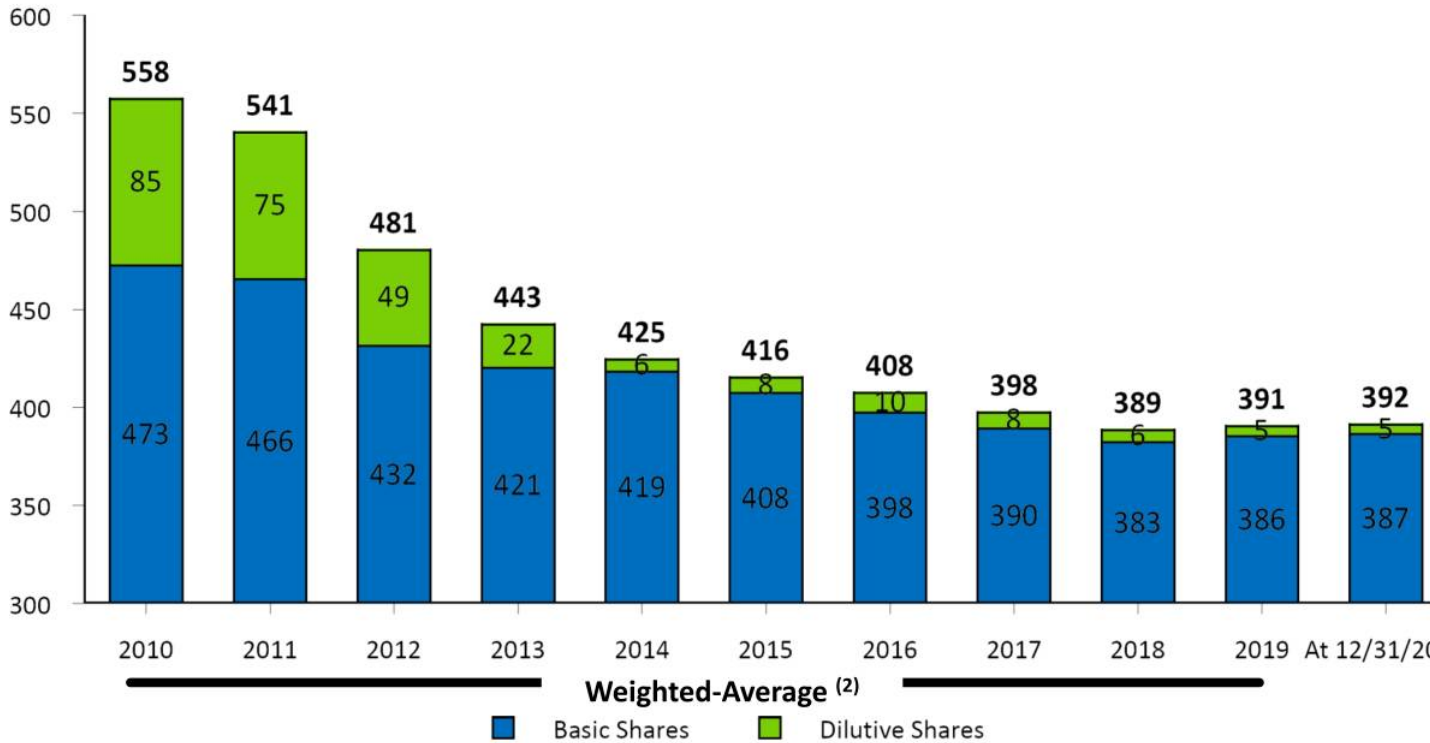
(2) Acxiom transaction costs of \$22.6 recorded in Selling, General and Administrative Expenses.

(3) Includes a tax benefit of \$16.9 from net adjustments to the valuation allowance and a benefit of \$6.5 related to the estimated costs associated with our change in assertion (APB 23) that we will no longer permanently reinvest undistributed earnings attributable to certain foreign subsidiaries.

(4) Earnings per share may not add due to rounding.

Total Shares: Basic and Eligible for Dilution⁽¹⁾

(Amounts in Millions)



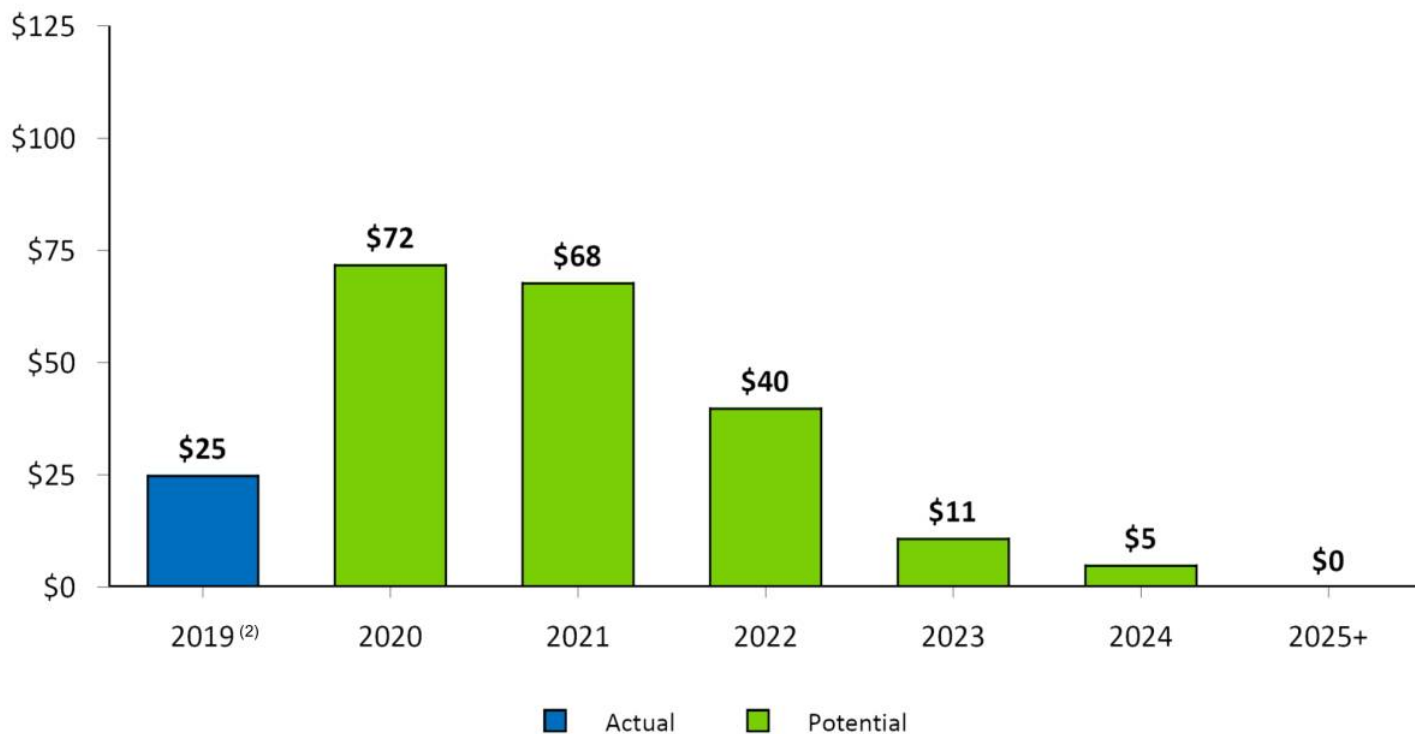
⁽¹⁾ Includes basic common shares outstanding, restricted shares, in-the-money stock options and convertible debt and preferred stock eligible for dilution.

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



Acquisition Payments ⁽¹⁾

(\$ in Millions)



⁽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 and payable, though some are eligible for exercise in multiple years and can also be paid over multiple years.

⁽²⁾ 2019 payments included \$9 recorded within Operating Activities in our Statement of Cash Flows.



Interpublic Group

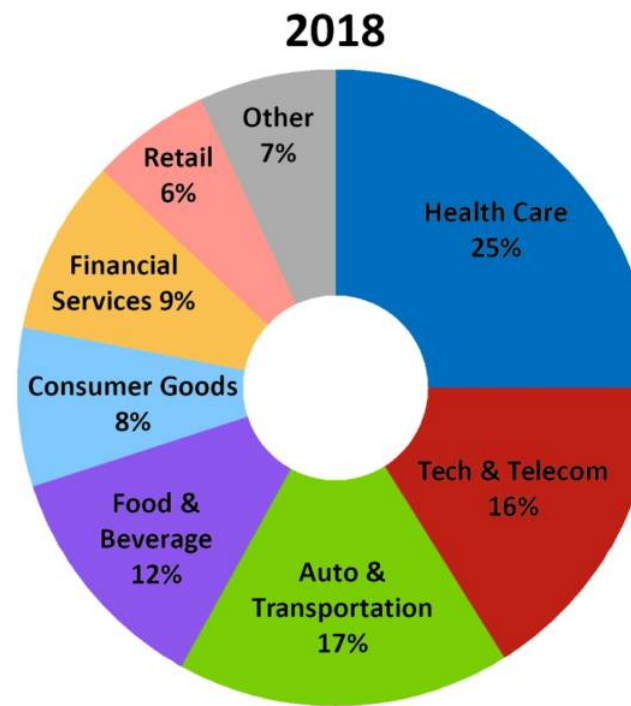
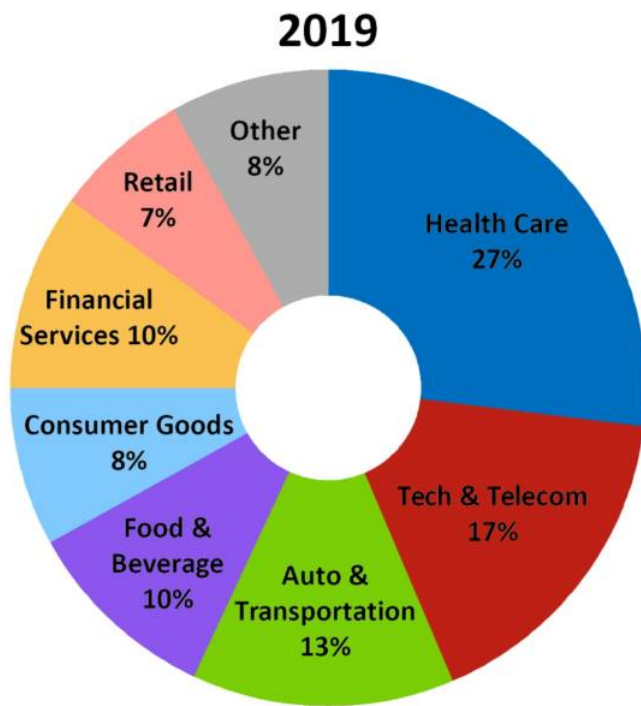
Metrics Update

Metrics Update

| Category | Metric |
|---|---|
| NET REVENUE | By Client Sector |
| SALARIES & RELATED (% of net revenue) | Twelve Months Ended Base, Benefits & Tax Incentive Expense Severance Expense Temporary Help |
| OFFICE & OTHER DIRECT (% of net revenue) | Twelve Months Occupancy Expense All Other Office and Other Direct Expenses |
| REAL ESTATE | Total Square Feet |
| FINANCIAL | Available Liquidity Credit Facility Covenants |

Net Revenue By Client Sector

Top 100 Clients for the twelve months ended December 31

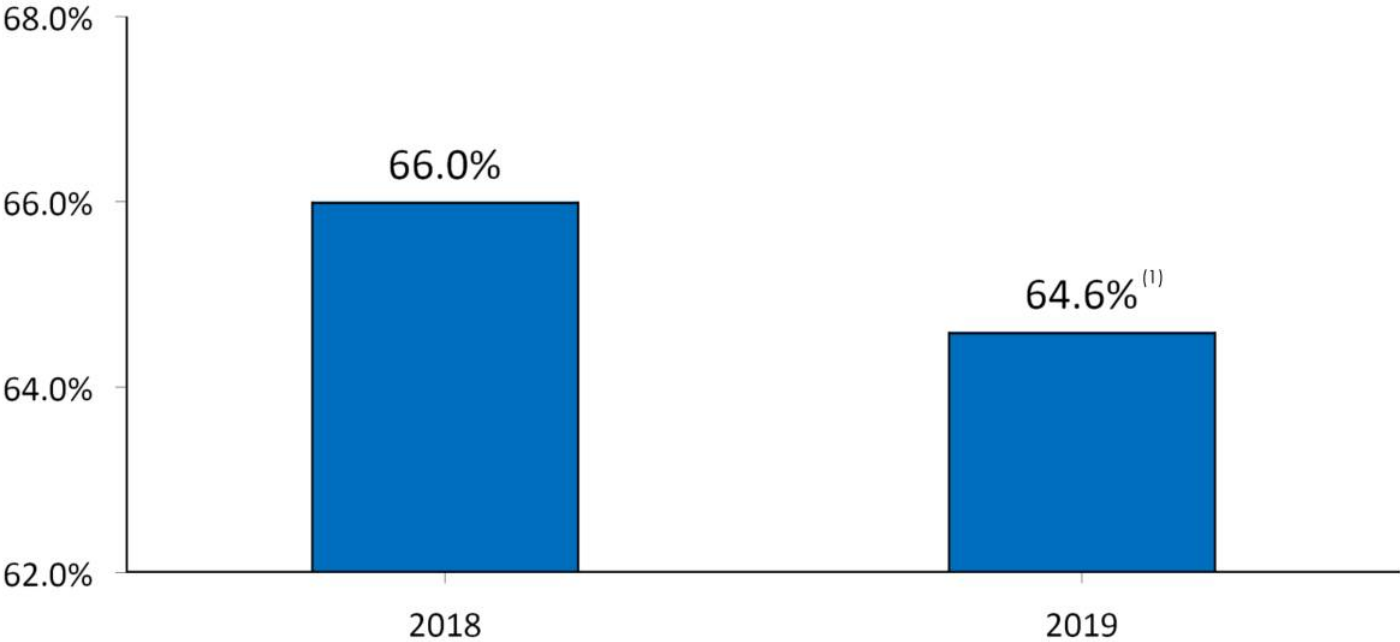


Approximately 55% of Consolidated Net Revenue

Salaries & Related Expenses

Twelve Months Ended December 31

% of Net Revenue

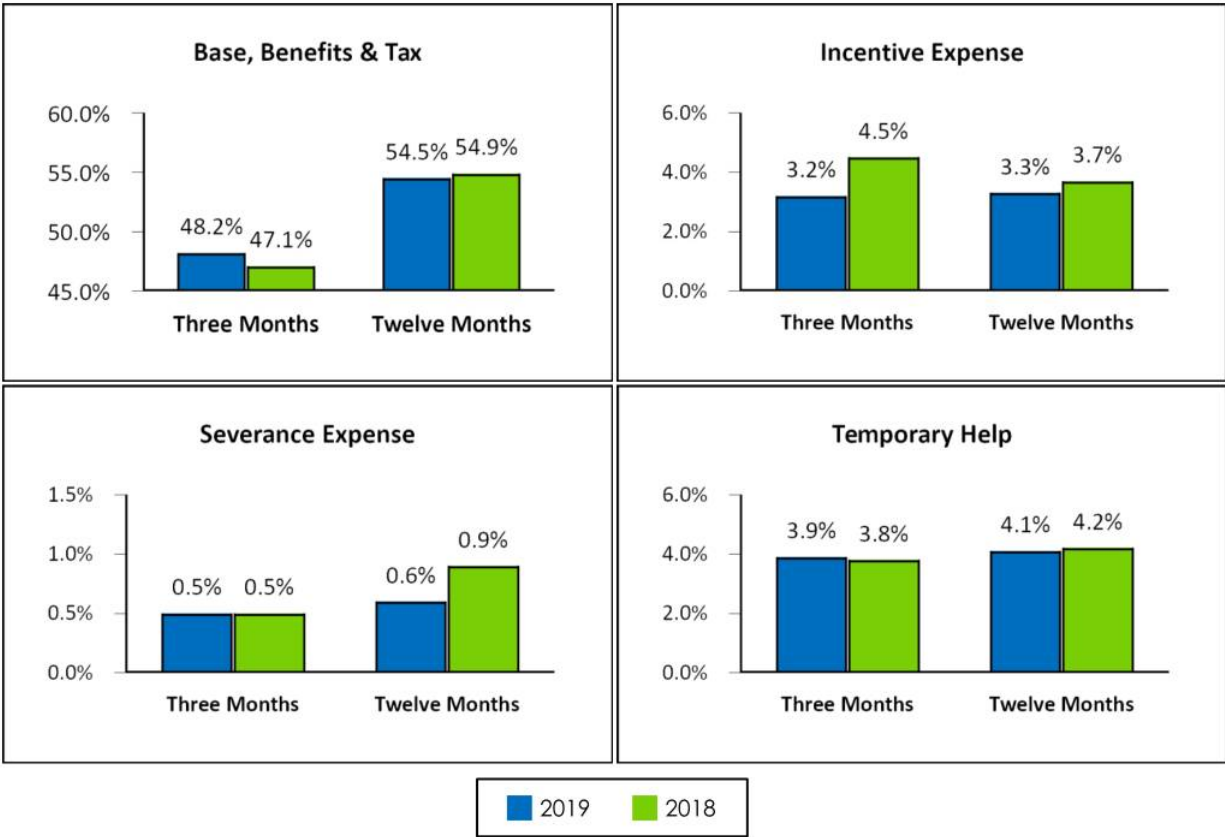


⁽¹⁾ Contributing to the improved ratio is the inclusion of Acxiom, for the full year in 2019, which has a lower ratio of salaries and related expenses as a percentage of its net revenue.



Salaries & Related Expenses (% of Net Revenue)

Three and Twelve Months Ended December 31



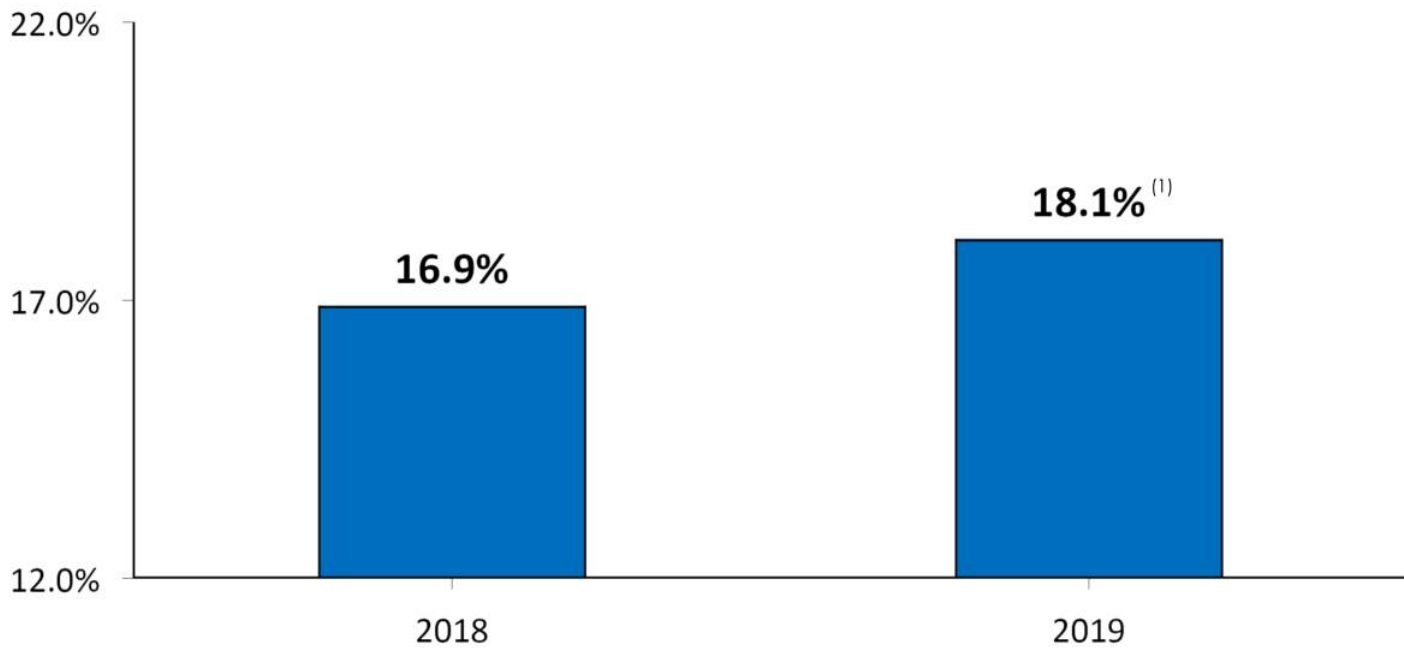
"All Other Salaries & Related," not shown, was 3.1% for both the three months ended December 31, 2019 and 2018, and was 2.1% and 2.3% for the twelve months ended December 31, 2019 and 2018, respectively.



Office & Other Direct Expenses

Twelve Months Ended December 31

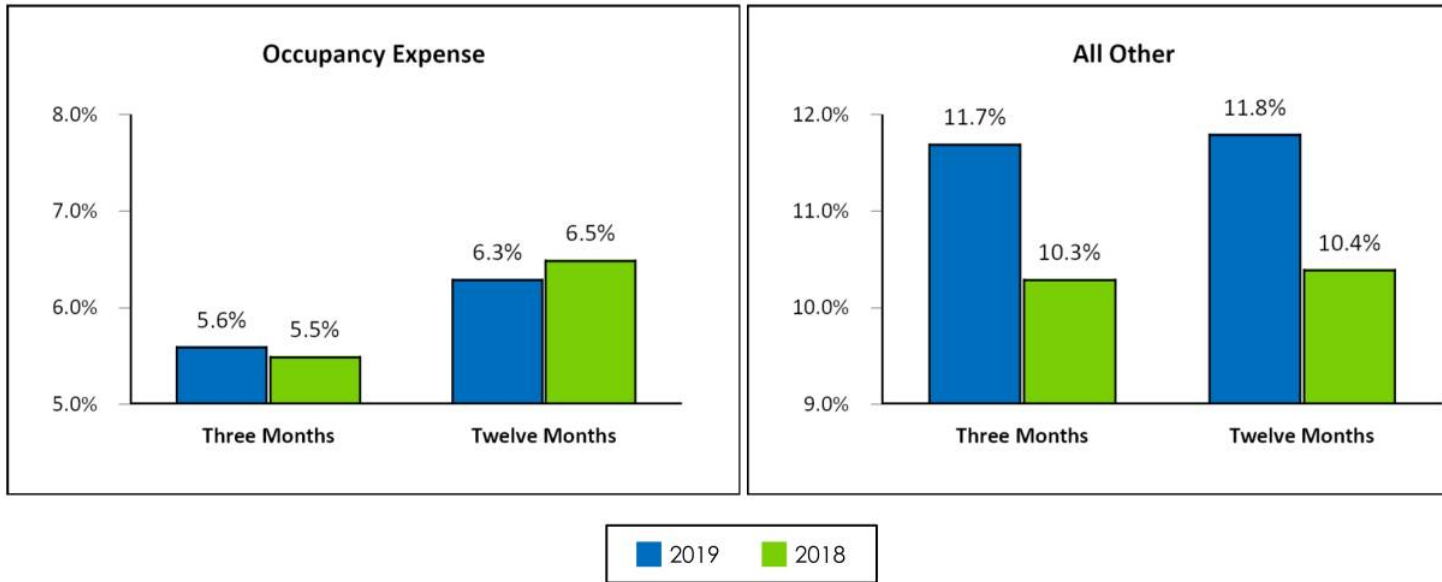
% of Net Revenue



⁽¹⁾ The higher expense ratio is primarily due to the inclusion of Acxiom, for the full year in 2019, which has a higher ratio of office and other direct expenses as a percentage of its net revenue, mainly driven by client service costs and professional fees.

Office & Other Direct Expenses (% Net of Revenue)

Three and Twelve Months Ended December 31

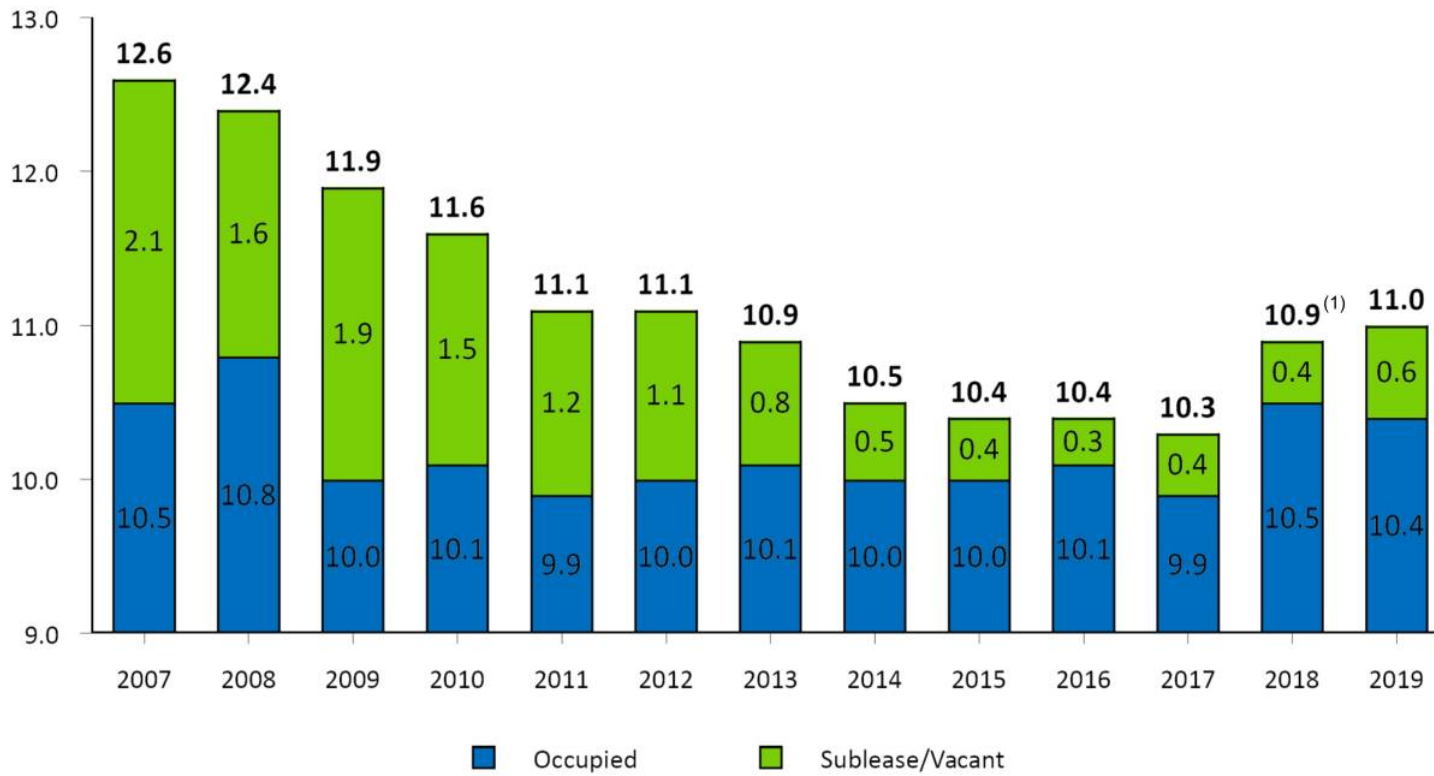


"All Other" primarily includes client service costs, non-pass through production expenses, travel and entertainment, professional fees, spending to support new business activity, telecommunications, office supplies, bad debt expense, adjustments to contingent acquisition obligations, foreign currency losses (gains), long-lived asset impairments and other expenses.

Real Estate

Total Square Feet as of December 31,

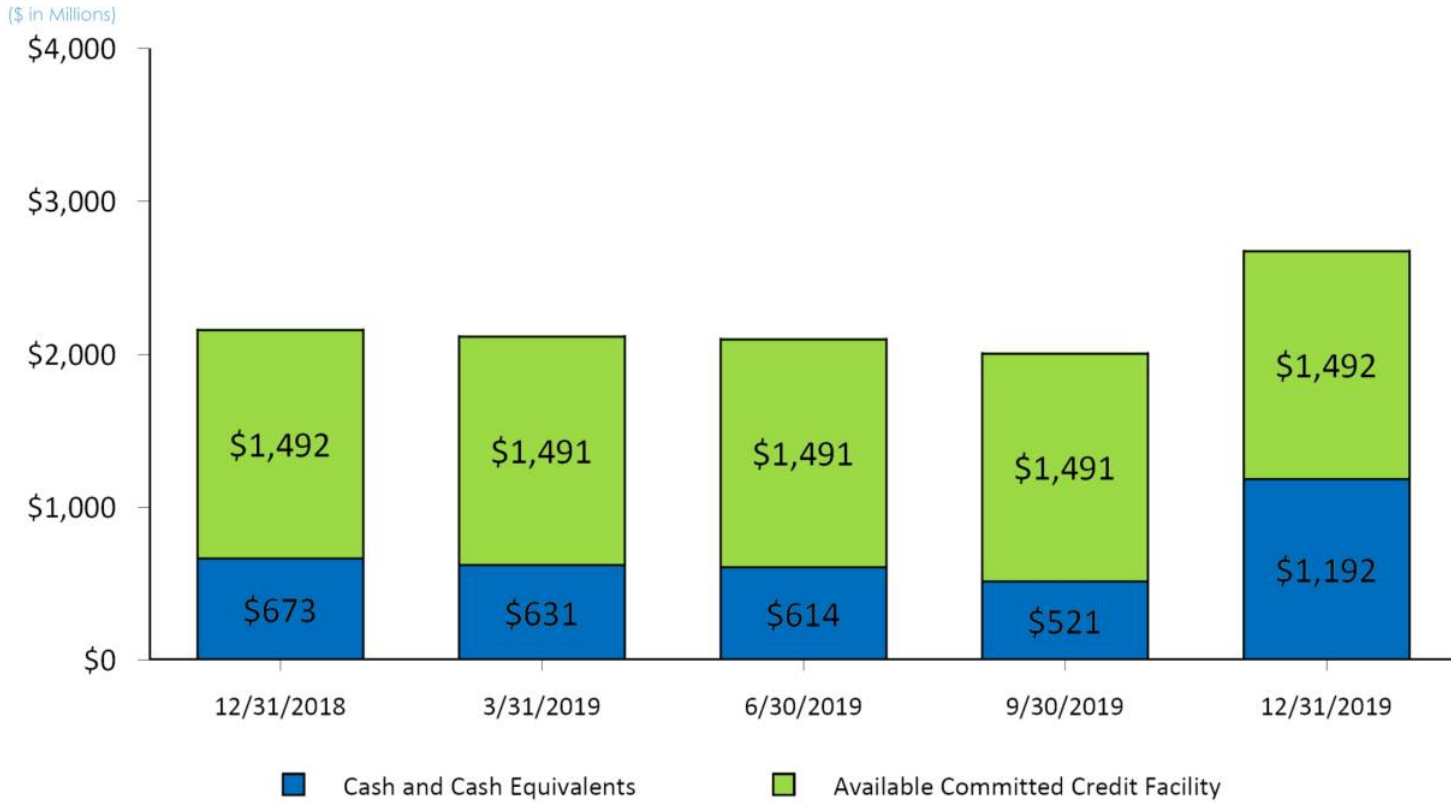
(Amounts in Millions)



⁽¹⁾ Increase primarily due to the inclusion of Acxiom real estate.

Available Liquidity

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



Credit Facility Covenants⁽¹⁾

(\$ in Millions)

| Covenants | Twelve Months Ended December 31, 2019 |
|--|--|
| I. Leverage Ratio (not greater than)⁽²⁾: | 3.75x |
| Actual Leverage Ratio: | 2.28x |
| | |
| <u>EBITDA Reconciliation</u> | Twelve Months Ended December 31, 2019 |
| Operating Income: | \$1,086.0 |
| + Depreciation and amortization | 369.8 |
| EBITDA: | \$1,455.8 |

⁽¹⁾ Our November 1, 2019 Credit Agreement Amendment removed the interest coverage ratio financial covenant.

⁽²⁾ Pursuant to Amendment No. 1 of the Credit Agreement, the maximum leverage ratio decreased from 4.00x to 3.75x on the last day of the fourth fiscal quarter ending after the closing date of the Acxiom acquisition.

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, and our other filings with the Securities and Exchange Commission ("SEC"). 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;
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world; and
- failure to realize the anticipated benefits on the acquisition of the Acxiom business

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, and our other SEC filings.

