



FIRST QUARTER 2020  
EARNINGS CONFERENCE CALL

**Interpublic Group**  
**April 22, 2020**

# Overview — First Quarter 2020

- Net revenue change was -1.6%, and organic growth of net revenue was +0.3%
  - U.S. organic growth was +0.8%
  - International organic change was negative -0.7%
- In seasonally small quarter, net income was \$4.7 million compared with a loss of \$8.0 million a year ago, with EBITA of \$97.2 million and EBITA margin of 4.9%
- Diluted EPS was \$0.01 and was \$0.11 as adjusted, flat with \$0.11 as adjusted a year ago
- Initiated comprehensive response to COVID-19 crisis
- Issued \$650 million 4.75% senior notes maturing in 2030 and entered into additional \$500 million credit facility

"Organic growth" refers exclusively to the organic change of net revenue. EBITA is calculated as net income (loss) available to IPG common stockholders before provision for incomes taxes, total (expenses) and other income, equity in net loss of unconsolidated affiliates, net loss attributable to noncontrolling interests and amortization of acquired intangibles. Adjusted diluted EPS is adjusted for amortization of acquired intangibles and sales of businesses in addition to restructuring charges in 2019. See reconciliation of organic net revenue change on page 14 and adjusted non-GAAP reconciliations on pages 15 -17.

# Operating Performance

	Three Months Ended March 31,	
	2020	2019
<b>Net Revenue</b>	\$ 1,972.1	\$ 2,004.8
Billable Expenses	387.7	356.4
<b>Total Revenue</b>	<b>2,359.8</b>	<b>2,361.2</b>
Salaries and Related Expenses	1,422.8	1,421.1
Office and Other Direct Expenses	378.2	389.2
Billable Expenses	387.7	356.4
<b>Cost of Services</b>	<b>2,188.7</b>	<b>2,166.7</b>
Selling, General and Administrative Expenses	22.4	41.4
Depreciation and Amortization	72.8	71.1
Restructuring Charges	0.0	31.8
<b>Operating Income</b>	<b>75.9</b>	<b>50.2</b>
Interest Expense, net	(34.1)	(42.0)
Other Expense, net	(21.8)	(6.9)
<b>Income Before Income Taxes</b>	<b>20.0</b>	<b>1.3</b>
Provision for Income Taxes	17.2	10.5
Equity in Net Loss of Unconsolidated Affiliates	(0.2)	(0.3)
<b>Net Income (Loss)</b>	<b>2.6</b>	<b>(9.5)</b>
Net Loss Attributable to Noncontrolling Interests	2.1	1.5
<b>Net Income (Loss) Available to IPG Common Stockholders</b>	<b>\$ 4.7</b>	<b>\$ (8.0)</b>
Income (Loss) per Share Available to IPG Common Stockholders - Basic	\$ 0.01	\$ (0.02)
Income (Loss) per Share Available to IPG Common Stockholders - Diluted	\$ 0.01	\$ (0.02)
Weighted-Average Number of Common Shares Outstanding - Basic	387.7	384.5
Weighted-Average Number of Common Shares Outstanding - Diluted	391.7	384.5
Dividends Declared per Common Share	\$ 0.255	\$ 0.235

(\$ in Millions, except per share amounts)

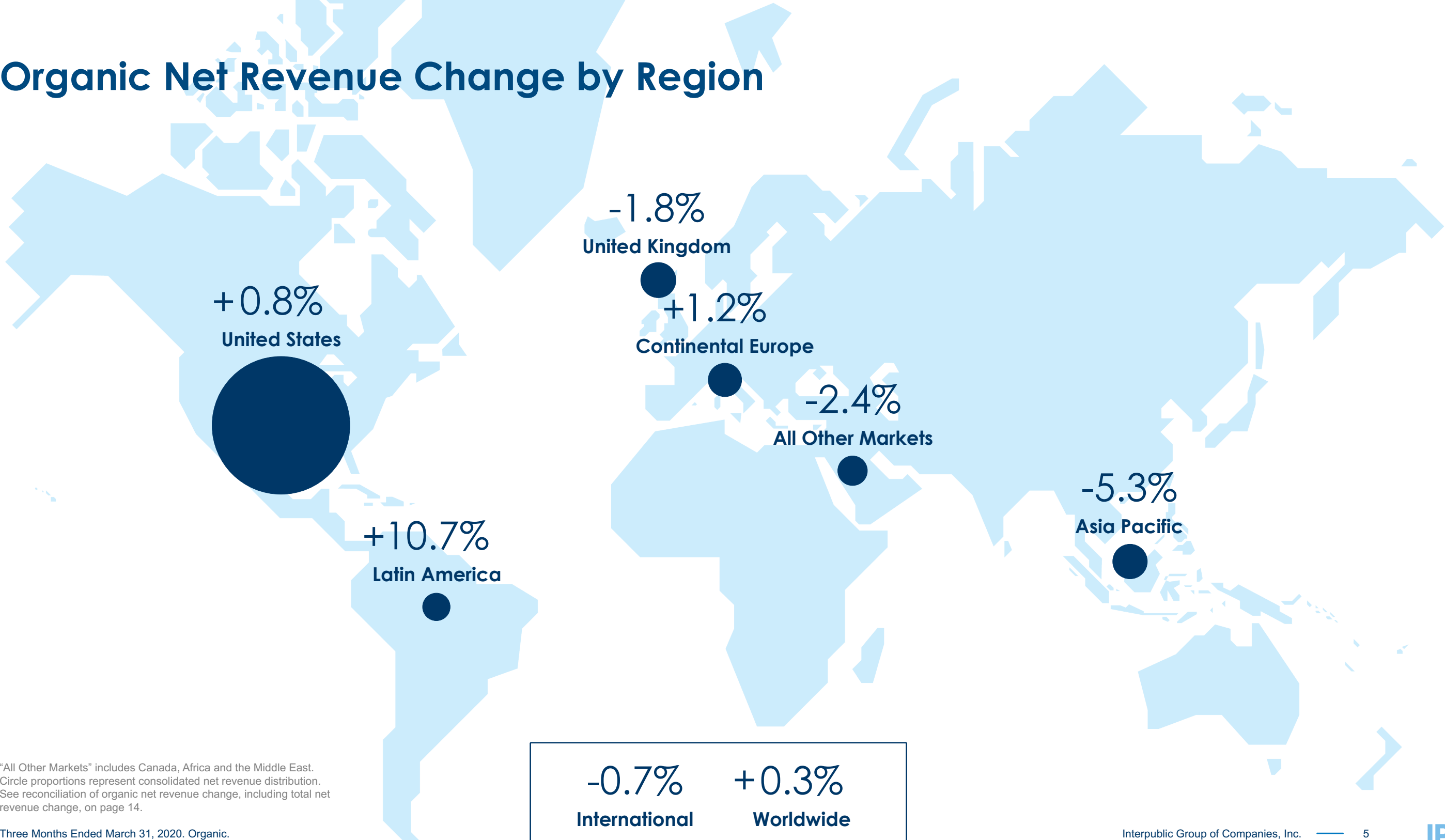
# Net Revenue

	Three Months Ended	
	\$	% Change
<b>March 31, 2019</b>	<b>\$ 2,004.8</b>	
Foreign currency	(20.6)	(1.0%)
Net acquisitions/(divestitures)	(17.5)	(0.9%)
Organic	5.4	0.3%
<b>Total change</b>	<b>(32.7)</b>	<b>(1.6%)</b>
<b>March 31, 2020</b>	<b>\$ 1,972.1</b>	

	Three Months Ended March 31,			
			Change	
	2020	2019 <sup>(1)</sup>	Organic	Total
<b>IAN</b>	\$ 1,664.5	\$ 1,706.1	(0.3%)	(2.4%)
<b>CMG</b>	\$ 307.6	\$ 298.7	3.7%	3.0%

<sup>(1)</sup> Results for March 31, 2019 have been recast to conform to the current-period presentation. See reconciliation of segment organic net revenue change on page 14.

# Organic Net Revenue Change by Region



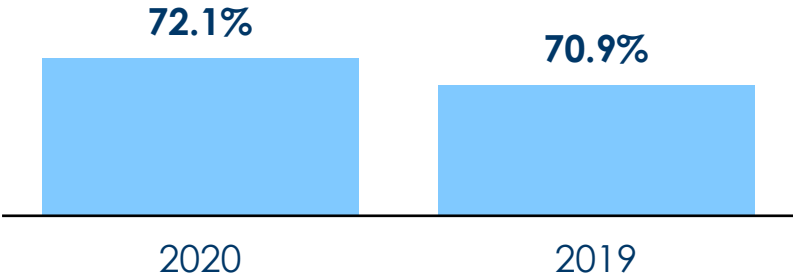
"All Other Markets" includes Canada, Africa and the Middle East.  
 Circle proportions represent consolidated net revenue distribution.  
 See reconciliation of organic net revenue change, including total net revenue change, on page 14.

-0.7%	+0.3%
International	Worldwide



# Operating Expenses % of Net Revenue

Salaries & Related



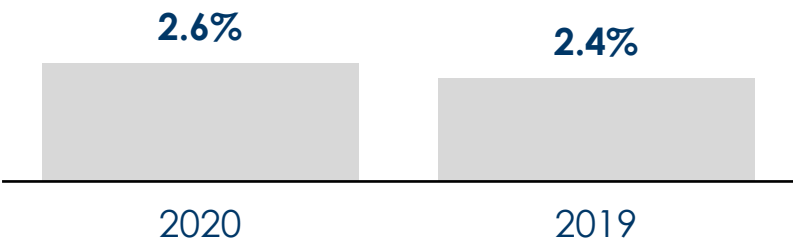
Office & Other Direct



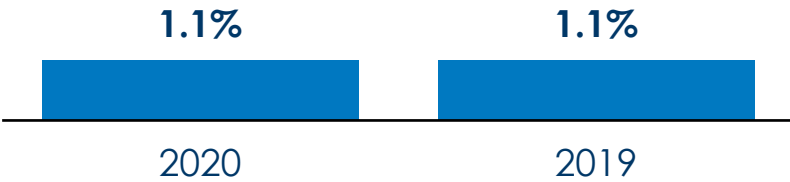
Selling, General & Administrative



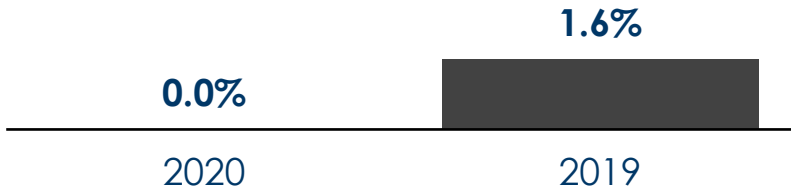
Depreciation & Amortization <sup>(1)</sup>



Amortization of Acquired Intangibles



Restructuring Charges



<sup>(1)</sup> Excludes amortization of acquired intangibles.



# Adjusted Diluted Earnings Per Share

Three Months Ended March 31, 2020

	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Adjusted Results
<b>Operating Income and EBITA</b>	\$ 75.9	\$ (21.3)		\$ 97.2
Total (Expenses) and Other Income	(55.9)		\$ (23.3)	(32.6)
<b>Income Before Income Taxes</b>	<b>20.0</b>	<b>(21.3)</b>	<b>(23.3)</b>	<b>64.6</b>
Provision for Income Taxes	17.2	4.2	0.9	22.3
Equity in Net Loss of Unconsolidated Affiliates	(0.2)			(0.2)
Net Loss Attributable to Noncontrolling Interests	2.1			2.1
<b>DILUTED EPS COMPONENTS:</b>				
<b>Net Earnings Available to IPG Common Stockholders</b>	\$ 4.7	\$ (17.1)	\$ (22.4)	\$ 44.2
Weighted-Average Number of Common Shares Outstanding	391.7			391.7
<b>Earnings per Share Available to IPG Common Stockholders</b>	\$ 0.01	\$ (0.04)	\$ (0.06)	\$ 0.11

See full reconciliation of adjusted non-GAAP diluted earnings per share on page 15.

(\$ in Millions, except per share amounts)

# Cash Flow

		Three Months Ended March 31,	
		2020	2019
<b>Net Income (Loss)</b>		\$ 2.6	\$ (9.5)
<b>OPERATING ACTIVITIES:</b>	Depreciation & amortization	98.3	101.6
	Deferred taxes	(11.2)	(31.0)
	Net losses on sales of businesses	23.3	8.6
	Other non-cash items	23.8	16.5
	Change in working capital, net	(371.6)	(165.8)
	Change in other non-current assets & liabilities	(42.3)	(13.9)
	<b>Net cash used in Operating Activities</b>	<b>(277.1)</b>	<b>(93.5)</b>
<b>INVESTING ACTIVITIES:</b>	Capital expenditures	(44.6)	(32.8)
	Acquisitions, net of cash acquired	(1.3)	0.0
	Other investing activities	(14.9)	2.1
	<b>Net cash used in Investing Activities</b>	<b>(60.8)</b>	<b>(30.7)</b>
<b>FINANCING ACTIVITIES:</b>	Proceeds from long-term debt	646.2	0.0
	Net increase in short-term borrowings	247.8	201.0
	Exercise of stock options	0.0	0.6
	Common stock dividends	(100.0)	(90.6)
	Tax payments for employee shares withheld	(19.1)	(21.2)
	Acquisition-related payments	(18.6)	0.0
	Distributions to noncontrolling interests	(5.6)	(2.5)
	Other financing activities	(6.3)	(0.6)
	<b>Net cash provided by Financing Activities</b>	<b>744.4</b>	<b>86.7</b>
	Currency effect	(46.7)	(6.4)
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>		<b>\$ 359.8</b>	<b>\$ (43.9)</b>



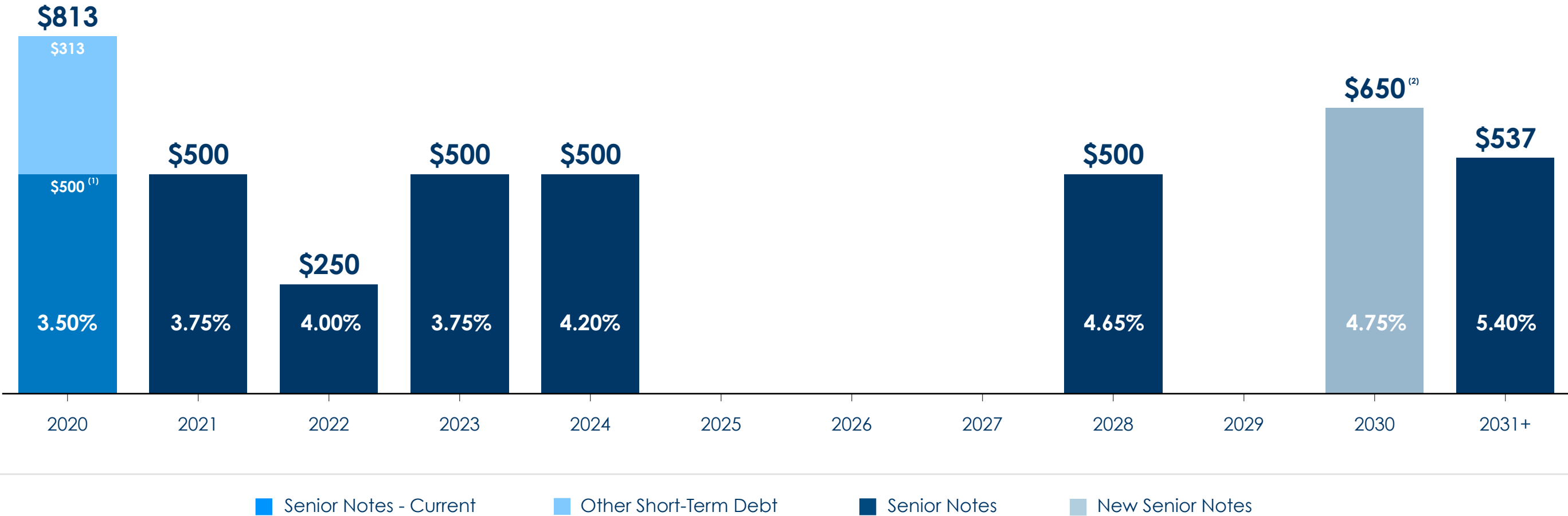
# Balance Sheet — Current Portion

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 1,554.0	\$ 1,192.2	\$ 630.5
Accounts receivable, net	3,661.5	5,209.2	4,027.5
Accounts receivable, billable to clients	1,914.0	1,934.1	2,077.4
Assets held for sale	17.4	22.8	19.7
Other current assets	449.8	412.4	491.9
<b>Total current assets</b>	<b>\$ 7,596.7</b>	<b>\$ 8,770.7</b>	<b>\$ 7,247.0</b>
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 5,559.5	\$ 7,205.4	\$ 5,733.7
Accrued liabilities	539.5	742.8	663.6
Contract liabilities	571.5	585.6	575.9
Short-term borrowings	310.1	52.4	272.4
Current portion of long-term debt	502.5	502.0	0.1
Liabilities held for sale	55.4	65.0	22.4
Current portion of operating leases	257.4	267.2	263.0
<b>Total current liabilities</b>	<b>\$ 7,795.9</b>	<b>\$ 9,420.4</b>	<b>\$ 7,531.1</b>

(\$ in Millions)

# Debt Maturity Schedule

Total Debt = \$4.2 billion



<sup>(1)</sup> Senior Notes due on October 1, 2020.  
<sup>(2)</sup> On March 30, 2020, we issued a total of \$650 in aggregate principal amount of unsecured senior notes due March 30, 2030. Senior Notes shown at face value on March 31, 2020.

(\$ in Millions)



# Summary

- Intense focus on navigating the impact of COVID-19
- Foundation for sustained value creation in top talent, strong agency brands and key strategic initiatives
  - Quality of our agency offerings
  - Integrated digital and digital specialists
  - "Open architecture" solutions
  - Data management at scale
- Effective expense management an ongoing priority
- Financial strength an ongoing source of value creation



# Appendix

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# Depreciation and Amortization

	2020				
	Q1	Q2	Q3	Q4	YTD 2020
Depreciation and amortization <sup>(1)</sup>	\$ 51.5				\$ 51.5
Amortization of acquired intangibles	21.3				21.3
Amortization of restricted stock and other non-cash compensation	23.2				23.2
Net amortization of bond discounts and deferred financing costs	2.3				2.3
	2019				
	Q1	Q2	Q3	Q4	FY 2019
Depreciation and amortization <sup>(1)</sup>	\$ 49.5	\$ 51.7	\$ 47.3	\$ 44.0	\$ 192.5
Amortization of acquired intangibles	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

<sup>(1)</sup> Excludes amortization of acquired intangibles.

(\$ in Millions)

# Reconciliation of Organic Net Revenue

		Components of Change				Change		
		Three Months Ended March 31, 2019	Foreign Currency	Net Acquisitions / (Divestitures)	Organic	Three Months Ended March 31, 2020	Organic	Total
<b>SEGMENT:</b>	IAN <sup>(1)</sup>	\$ 1,706.1	\$ (18.6)	\$ (17.4)	\$ (5.6)	\$ 1,664.5	(0.3%)	(2.4%)
	CMG <sup>(1)</sup>	298.7	(2.0)	(0.1)	11.0	307.6	3.7%	3.0%
	<b>Total</b>	<b>\$ 2,004.8</b>	<b>\$ (20.6)</b>	<b>\$ (17.5)</b>	<b>\$ 5.4</b>	<b>\$ 1,972.1</b>	<b>0.3%</b>	<b>(1.6%)</b>
<b>GEOGRAPHIC:</b>	<b>United States</b>	<b>\$ 1,314.1</b>	<b>\$ 0.0</b>	<b>\$ (4.0)</b>	<b>\$ 9.9</b>	<b>\$ 1,320.0</b>	<b>0.8%</b>	<b>0.4%</b>
	<b>International</b>	<b>690.7</b>	<b>(20.6)</b>	<b>(13.5)</b>	<b>(4.5)</b>	<b>652.1</b>	<b>(0.7%)</b>	<b>(5.6%)</b>
	United Kingdom	170.3	(1.6)	0.0	(3.0)	165.7	(1.8%)	(2.7%)
	Continental Europe	156.8	(5.1)	(7.6)	1.9	146.0	1.2%	(6.9%)
	Asia Pacific	178.0	(4.0)	(5.7)	(9.5)	158.8	(5.3%)	(10.8%)
	Latin America	80.3	(9.6)	0.0	8.6	79.3	10.7%	(1.2%)
	All Other Markets	105.3	(0.3)	(0.2)	(2.5)	102.3	(2.4%)	(2.8%)
	<b>Worldwide</b>	<b>\$ 2,004.8</b>	<b>\$ (20.6)</b>	<b>\$ (17.5)</b>	<b>\$ 5.4</b>	<b>\$ 1,972.1</b>	<b>0.3%</b>	<b>(1.6%)</b>

<sup>(1)</sup> Results for March 31, 2019 have been recast to conform to the current-period presentation.

(\$ in Millions)

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

	Three Months Ended March 31, 2020			
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Adjusted Results
<b>Operating Income and EBITA</b>	\$ 75.9	\$ (21.3)		\$ 97.2
Total (Expenses) and Other Income	(55.9)		\$ (23.3)	(32.6)
<b>Income Before Income Taxes</b>	<b>20.0</b>	<b>(21.3)</b>	<b>(23.3)</b>	<b>64.6</b>
Provision for Income Taxes	17.2	4.2	0.9	22.3
Equity in Net Loss of Unconsolidated Affiliates	(0.2)			(0.2)
Net Loss Attributable to Noncontrolling Interests	2.1			2.1
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 4.7</b>	<b>\$ (17.1)</b>	<b>\$ (22.4)</b>	<b>\$ 44.2</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	<b>387.7</b>			<b>387.7</b>
Dilutive effect of stock options and restricted shares	4.0			4.0
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>391.7</b>			<b>391.7</b>
<b>Earnings per Share Available to IPG Common Stockholders:</b>				
Basic	\$ 0.01	\$ (0.04)	\$ (0.06)	\$ 0.11
Diluted	\$ 0.01	\$ (0.04)	\$ (0.06)	\$ 0.11

<sup>(1)</sup> 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.

(\$ in Millions, except per share amounts)

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

	Three Months Ended March 31, 2019				
	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 50.2	\$ (21.6)	\$ (31.8)		\$ 103.6
Total (Expenses) and Other Income	(48.9)			\$ (8.6)	(40.3)
<b>Income Before Income Taxes</b>	<b>1.3</b>	<b>(21.6)</b>	<b>(31.8)</b>	<b>(8.6)</b>	<b>63.3</b>
Provision for Income Taxes	10.5	4.2	7.6	0.0	22.3
Equity in Net Loss of Unconsolidated Affiliates	(0.3)				(0.3)
Net Loss Attributable to Noncontrolling Interests	1.5				1.5
<b>Net (Loss) Income Available to IPG Common Stockholders</b>	<b>\$ (8.0)</b>	<b>\$ (17.4)</b>	<b>\$ (24.2)</b>	<b>\$ (8.6)</b>	<b>\$ 42.2</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	<b>384.5</b>				<b>384.5</b>
Dilutive effect of stock options and restricted shares	N/A				4.4
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>384.5</b>				<b>388.9</b>
<b>(Loss) Earnings per Share Available to IPG Common Stockholders:</b>					
Basic	\$ (0.02)	\$ (0.05)	\$ (0.06)	\$ (0.02)	\$ 0.11
Diluted	\$ (0.02)	\$ (0.05)	\$ (0.06)	\$ (0.02)	\$ 0.11

<sup>(1)</sup> 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.



# Adjusted EBITA Reconciliation <sup>(1)</sup>

	Three Months Ended March 31,	
	2020	2019
<b>Net Revenue</b>	\$ 1,972.1	\$ 2,004.8
<b>Non-GAAP Reconciliation:</b>		
<b>Net Income (Loss) Available to IPG Common Stockholders</b>	\$ 4.7	\$ (8.0)
<b>Add Back:</b>		
Provision for Income Taxes	17.2	10.5
<b>Subject:</b>		
Total (Expenses) and Other Income	(55.9)	(48.9)
Equity in Net Loss of Unconsolidated Affiliates	(0.2)	(0.3)
Net Loss Attributable to Noncontrolling Interests	2.1	1.5
<b>Operating Income</b>	\$ 75.9	\$ 50.2
<b>Add Back:</b>		
Amortization of Acquired Intangibles	21.3	21.6
<b>EBITA</b>	\$ 97.2	\$ 71.8
EBITA Margin on Net Revenue %	4.9%	3.6%
Restructuring Charges	\$ —	\$ 31.8
<b>Adjusted EBITA</b>	\$ 97.2	\$ 103.6
Adjusted EBITA Margin on Net Revenue %	4.9%	5.2%

<sup>(1)</sup> 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.



# Metrics Update

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# Metrics Update

CATEGORY:	SALARIES & RELATED (% of net revenue)	OFFICE & OTHER DIRECT (% of net revenue)	FINANCIAL
<b>METRIC:</b>	Trailing Twelve Months	Trailing Twelve Months	Available Liquidity
	Base, Benefits & Tax	Occupancy Expense	Credit Facilities Covenant
	Incentive Expense	All Other Office and Other Direct Expenses	
	Severance Expense		
	Temporary Help		



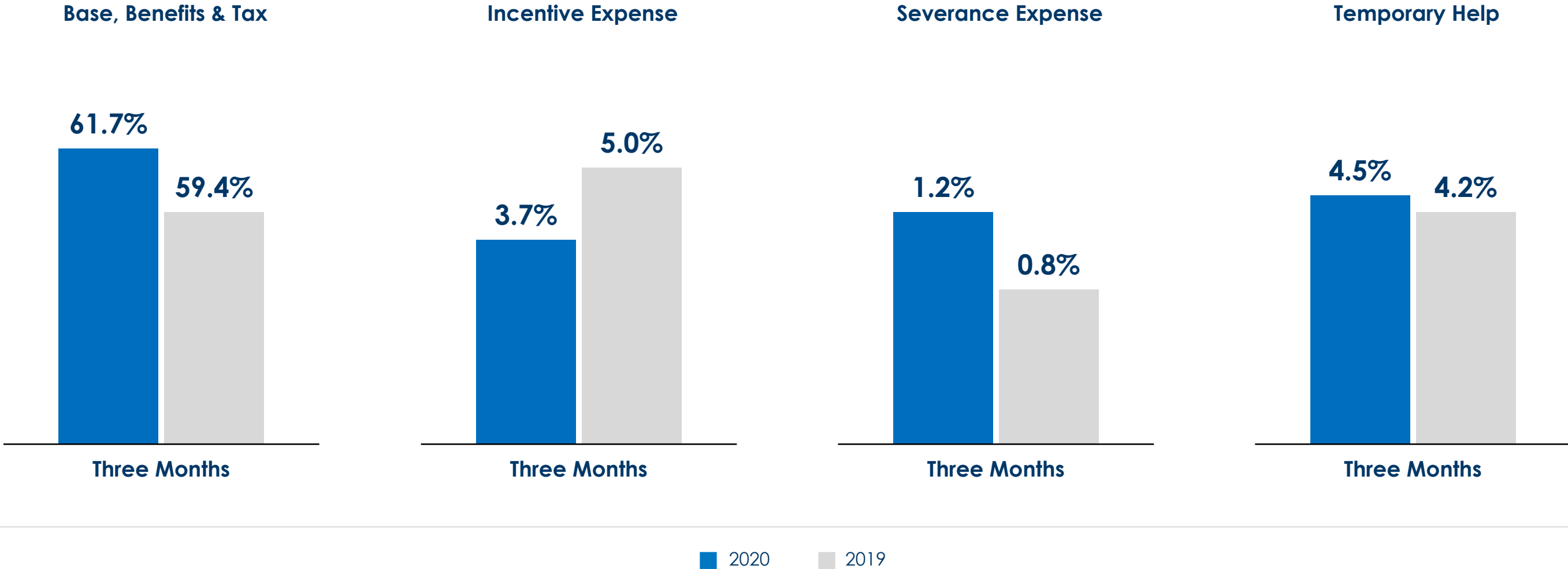
# Salaries & Related Expenses

% of Net Revenue, Trailing Twelve Months



# Salaries & Related Expenses (% of Net Revenue)

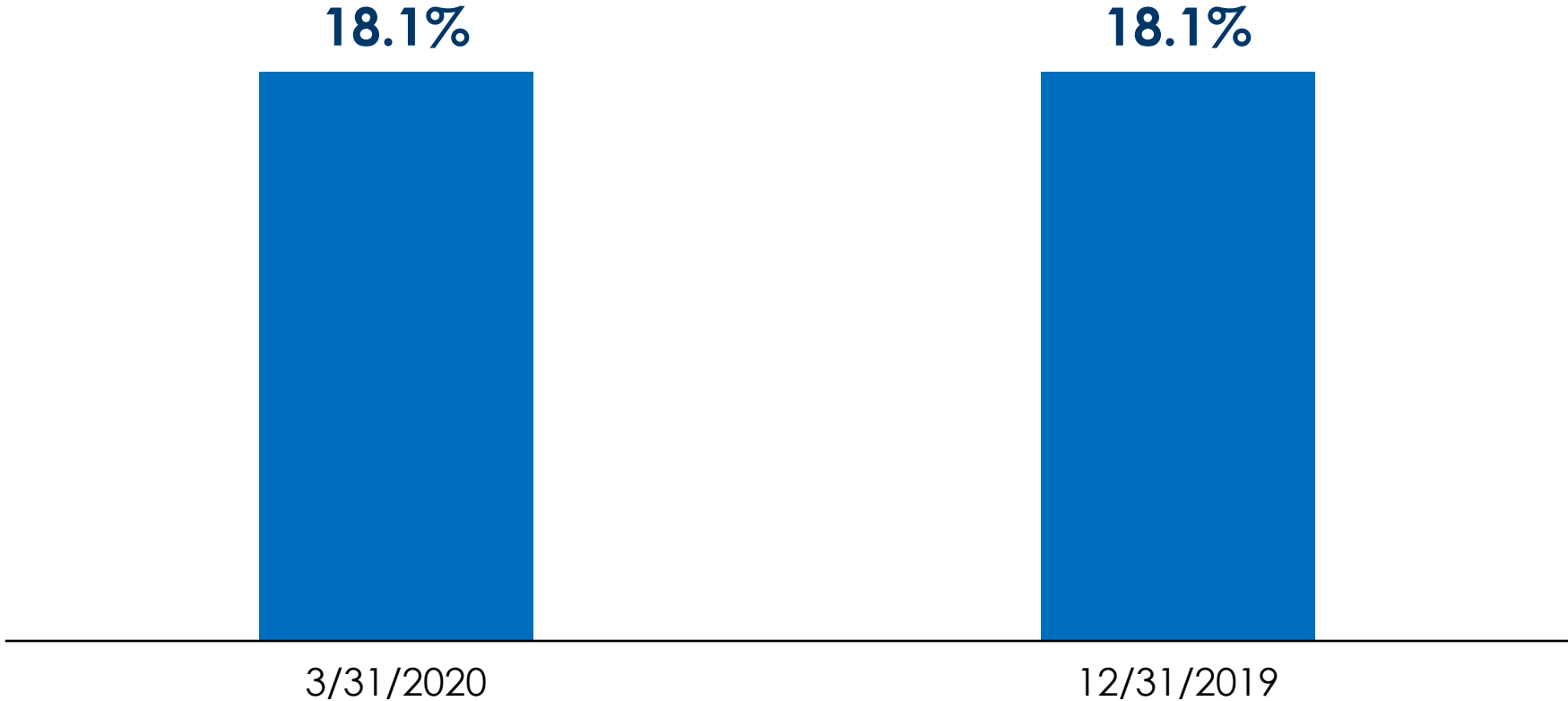
Three Months Ended March 31



"All Other Salaries & Related," not shown, was 1.0% and 1.5% for the three months ended March 31, 2020 and 2019, respectively. Certain information for the prior period has been recast to conform to the current-period presentation.

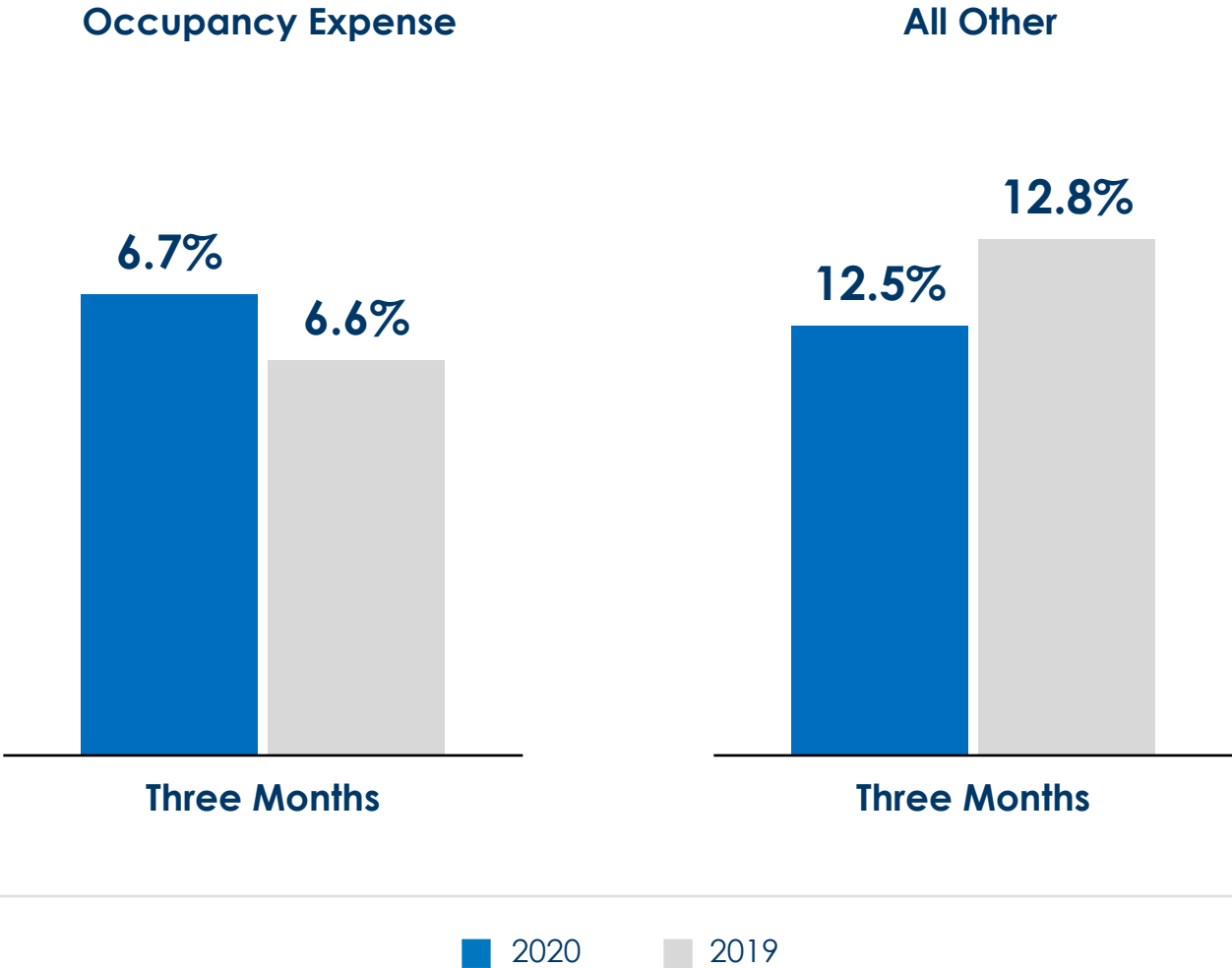
# Office & Other Direct Expenses

% of Net Revenue, Trailing Twelve Months



# Office & Other Direct Expenses (% of Net Revenue)

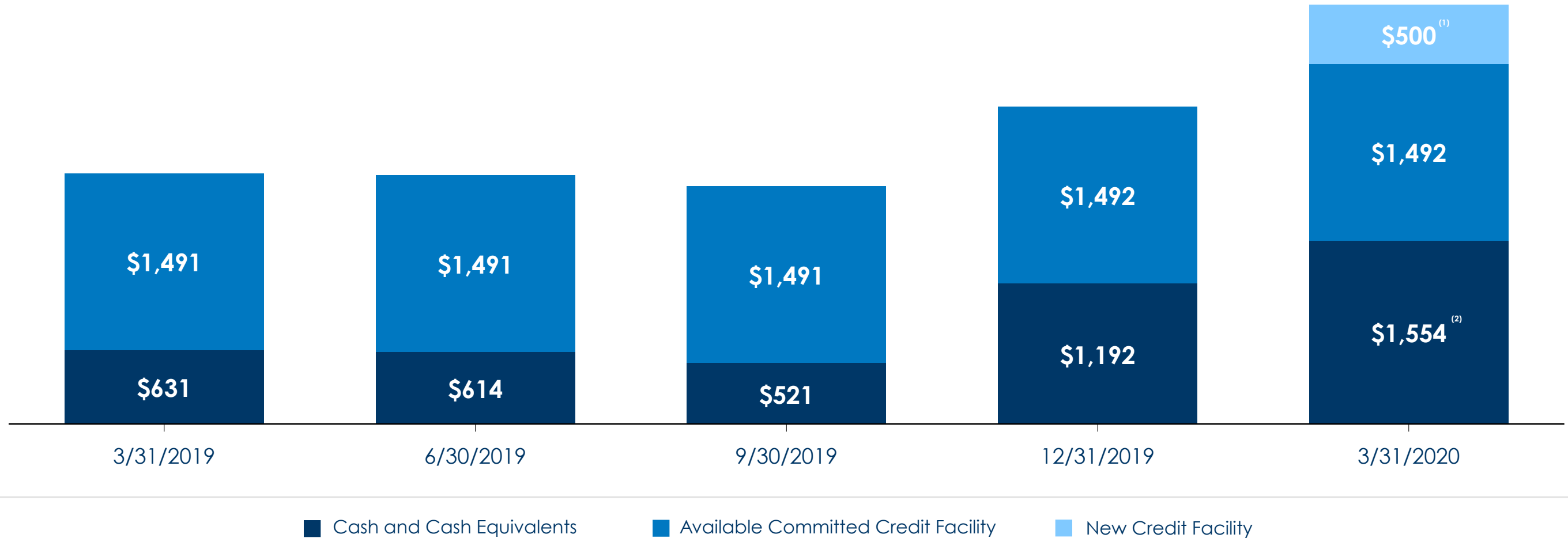
Three Months Ended March 31



“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.

# Available Liquidity

Cash, Cash Equivalents + Available Committed Credit Facilities



<sup>(1)</sup> In March 2020, we entered into an agreement for a 364-day revolving credit facility.

<sup>(2)</sup> Includes net proceeds from our March 2020 debt issuance of \$650 aggregate principal amount of Senior Notes.

(\$ in Millions)



# Credit Facilities Covenant <sup>(1)</sup>

Covenants	Last Twelve Months Ended March 31, 2020
I. Leverage Ratio (not greater than)	3.75x
Actual Leverage Ratio	2.86x

EBITDA RECONCILIATION:	Last Twelve Months Ended March 31, 2020
Operating Income	\$ 1,111.7
+ Depreciation and Amortization	366.5
<b>EBITDA:</b>	<b>\$ 1,478.2</b>

<sup>(1)</sup> The leverage ratio financial covenant applies to both our committed corporate credit facility, amended and restated as of November 1, 2019, and our 364-day credit facility entered into on March 27, 2020.

# 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;
- the outbreak of the novel coronavirus ("COVID-19"), including the measures to reduce its spread, and the impact on the economy and demand for our services, which may precipitate or exacerbate other risks and uncertainties;
- 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.