

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): October 21, 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

(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)

13-1024020

(I.R.S. Employer
Identification No.)

(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 October 21, 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 third quarter and first nine months of 2020, (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 October 21, 2020 (furnished pursuant to Item 2.02)

[Exhibit 99.2](#): Investor presentation dated October 21, 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.

Date: October 21, 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 (October 21, 2020)

Interpublic Announces Third Quarter and First Nine Months 2020 Results

- Third quarter reported net revenue of \$1.95 billion, a decrease of 5.2% from a year ago, with organic net revenue decrease of 3.7%, due to impact of COVID-19 macroeconomic disruption
- Third quarter organic change of net revenue was negative 2.4% in the US and was negative 6.0% in International markets
- First nine months reported net revenue decrease of 6.7%, and organic net revenue decrease of 4.5%
- Third quarter reported net income was \$279.7 million, including restructuring charges, and adjusted EBITA was \$317.2 million before restructuring charges
- Third quarter adjusted EBITA margin of 16.2% before restructuring charges
- Third quarter diluted earnings per share of \$0.71 and diluted earnings per share of \$0.53 as adjusted
- First nine months diluted earnings per share of \$0.61 and diluted earnings per share of \$0.87 as adjusted
- Management continued a program of structural operating cost reduction, resulting in restructuring charges in the quarter of \$47.3 million
- Management highlights exceptional base of talent, continued investment in offerings, and sustained industry leadership

Michael Roth, Chairman and CEO, IPG:

"At IPG, we continue to stay focused on the safety, health and well-being of our employees, clients, and key partners. In light of the very challenging environment, we are proud of our results in the quarter, and the work our people are doing under such challenging and extraordinary circumstances. This level of performance demonstrates how effectively our companies and our people have adjusted to new ways of working."

"During the quarter, we continued to stay close to clients, and invest in our offerings, while managing operating expenses to revenue. Unquestionably, there will be enduring consumer changes because of the pandemic, including the mass shift to ecommerce, the emergence of digital consumer experience, and a deeper accountability for brand authenticity and purpose. At IPG, we are distinctively well-resourced with outstanding talent and tools to help marketers re-think and re-imagine their brands. Our new business pipeline continues to be active, and has begun to recover relative to earlier this year. We continue our program of structural operating cost reduction to lower our expense base, and raise our margin potential going forward. Our balance sheet and liquidity continue to be further areas of strength."

"Looking forward to our important fourth quarter, visibility remains unclear for as long as COVID-19 is disrupting everyday life and macroeconomic conditions. As always, we will be disciplined in how we manage the business, aligning expenses closely to any changes in revenue. We look forward to returning to our strong trajectory of organic revenue and profit growth as a macro recovery takes hold. We are thankful for the continued close partnership with

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our clients, and proud of our employees around the world for their outstanding work and productivity despite all the challenges brought by the pandemic.”

Summary

Revenue

- Third quarter 2020 net revenue was \$1.95 billion, compared to \$2.06 billion in the third quarter of 2019. During the quarter, the organic net revenue decrease was 3.7%, while the effect of foreign currency translation was negative 0.3%, and the impact of net dispositions was negative 1.2%. Third quarter 2020 total revenue, which includes billable expenses, was \$2.13 billion, compared to \$2.44 billion in 2019.
- First nine months 2020 net revenue was \$5.78 billion, compared to \$6.19 billion in the first nine months of 2019. During the first nine months of 2020, the organic net revenue decrease was 4.5%, while the effect of foreign currency translation was negative 1.2%, and the impact of net dispositions was negative 1.0%. First nine months 2020 total revenue, which includes billable expenses, was \$6.51 billion, compared to \$7.32 billion in 2019.

Operating Results

- Operating income in the third quarter of 2020 was \$248.6 million, including restructuring charges of \$47.3 million, compared to \$280.3 million in 2019. Adjusted EBITA was \$317.2 million before restructuring charges in the third quarter of 2020, compared to adjusted EBITA of \$302.0 million for the same period in 2019. Adjusted EBITA margin on net revenue was 16.2% before restructuring charges, compared to adjusted EBITA margin of 14.7% in 2019.
- Operating income in the first nine months of 2020 was \$365.0 million, including restructuring charges of \$159.9 million, compared to \$594.7 million in 2019. Adjusted EBITA was \$589.3 million before restructuring charges in the first nine months of 2020, compared to \$691.1 million for the same period in 2019. Adjusted EBITA margin on net revenue was 10.2% before restructuring charges, compared to 11.2% for the same period in 2019.
- In the third quarter and first nine months of 2020, the Company recognized restructuring charges of \$47.3 million and \$159.9 million, respectively. We expect that our restructuring actions in this year's second and third quarters will together result in annualized structural operating expense savings of \$110 to \$130 million.
- Refer to reconciliations on page 12 for further detail.

Net Results

- Income tax benefit in the third quarter of 2020 was \$86.3 million on income before income taxes of \$192.6 million, primarily due to an income tax benefit of \$136.2 million related to the finalization and settlement of the U.S. Federal income tax audit from years 2006 through 2016.
- Third quarter 2020 net income available to IPG common stockholders was \$279.7 million, resulting in earnings of \$0.72 and \$0.71 per basic and diluted share, respectively, compared to \$0.43 and \$0.42 for the same period in 2019. Adjusted earnings were \$0.53 per diluted share, compared to adjusted earnings of \$0.49 per diluted share a year ago. Third quarter 2020 adjusted earnings excludes after-tax amortization of acquired intangibles of \$17.0 million, after-tax restructuring charges of \$36.5 million, an after-tax loss of \$6.5 million on the sales of businesses and a net positive impact of \$132.6 million from discrete tax items.
- Income tax benefit in the first nine months of 2020 was \$50.1 million on income before income taxes of \$187.7 million, primarily due to an income tax benefit of \$136.2 million related to the finalization and settlement of the U.S. Federal income tax audit from years 2006 through 2016.
- First nine months 2020 net income available to IPG common stockholders was \$238.8 million, resulting in earnings of \$0.61 per basic and diluted share, compared to \$0.85 and \$0.84 per basic and diluted share, respectively, for the same period in 2019. Adjusted earnings were \$0.87 per diluted share compared to adjusted earnings of \$1.05 per diluted share a year ago. First nine months 2020 adjusted earnings excludes after-tax amortization of acquired intangibles of \$51.7 million, after-tax restructuring charges of \$123.7 million, an after-tax loss of \$48.8 million on the sales of businesses and a net positive impact of \$122.6 million from discrete tax items.
- Refer to reconciliations on pages 10 through 14 for further detail.

Operating Results**Revenue**

Net revenue of \$1.95 billion in the third quarter of 2020 decreased 5.2% compared with the same period in 2019. During the quarter, the effect of foreign currency translation was negative 0.3%, the impact of net dispositions was negative 1.2%, and the resulting organic net revenue decrease was 3.7%. Total revenue, which includes billable expenses, was \$2.13 billion in the third quarter of 2020, compared to \$2.44 billion in 2019.

Net revenue of \$5.78 billion in the first nine months of 2020 decreased 6.7% compared with the same period in 2019. During the first nine months of 2020, the effect of foreign currency translation was negative 1.2%, the impact of net dispositions was negative 1.0%, and the resulting organic net revenue decrease was 4.5%. Total revenue, which includes billable expenses, was \$6.51 billion in the first nine months of 2020, compared to \$7.32 billion in 2019.

Operating Expenses

For the third quarter and first nine months of 2020, total operating expenses, excluding billable expenses, decreased by 4.2% and 3.3%, respectively, and excluding 2020 and first-quarter 2019 restructuring charges, 6.9% and 5.6%, respectively.

Salaries and related expenses decreased 4.8% to \$1.27 billion during the third quarter of 2020, compared to \$1.33 billion for the same period in 2019. The decrease was primarily driven by reductions in base salaries, benefits and tax and lower temporary help in response to the declines in net revenue, primarily due to the effects of the COVID-19 pandemic on economic conditions. The cumulative decreases were partially offset by increased severance and incentive expenses. The increase in incentive expense for the quarter is related to better than projected performance in the quarter as well as timing related adjustments in the comparable prior-year quarter. During the first nine months of 2020, salaries and related expenses decreased 3.3% to \$4.00 billion, compared to \$4.14 billion for the same period in 2019, primarily driven by factors similar to those noted above for the third quarter of 2020.

Office and other direct expenses decreased as a percentage of net revenue to 15.8% during the third quarter of 2020, compared to 17.8% a year ago, and decreased as a percentage of net revenue to 17.4% during the first nine months of 2020, compared to 18.5% a year ago. The decreases were mainly due to decreases in travel and entertainment expenses and new business and promotion expenses as well as lower occupancy expense and professional consulting fees, partially offset by an increase in bad debt expense and a year-over-year change in contingent acquisition obligations.

Selling, general and administrative expenses remained flat as a percentage of net revenue for the third quarter of 2020, compared to the same period in 2019. For the first nine months of 2020, selling, general and administrative expenses decreased as a percentage of net revenue to 0.6%, compared to 1.1% a year ago, primarily attributable to a decrease in employee insurance expense, as well as a decrease in travel and entertainment expenses.

Depreciation and amortization slightly increased as a percentage of net revenue to 3.6% during the third quarter of 2020, compared to 3.3% a year ago, and increased as a percentage of net revenue to 3.8% during the first nine months of 2020, compared to 3.4% a year ago.

Restructuring charges in the third quarter and first nine months of 2020 were \$47.3 million and \$159.9 million, respectively, related to actions taken, with the objective of lowering our operating expenses structurally and permanently relative to revenue and accelerating the transformation of our business. With these actions, the Company is exiting approximately 900,000 square feet of leased space in approximately 60 locations around the world and reducing its global workforce by approximately 2%.

Most of these actions are based on our recent experience and learning in the COVID-19 pandemic and a resulting review of our operations, which continues, to address certain operating expenses such as occupancy expense and salaries and related expenses. This compares to restructuring charges of \$33.9 million in the first nine months of 2019.

Non-Operating Results and Tax

Net interest expense increased by \$4.5 million to \$44.7 million in the third quarter of 2020 from a year ago, and decreased by \$3.4 million to \$122.7 million in the first nine months of 2020 from a year ago.

Other expense, net was \$11.3 million in the third quarter of 2020 and \$54.6 million in the first nine months of 2020, which primarily included losses on the sales of certain small, non-strategic businesses.

The income tax benefit in the third quarter of 2020 was \$86.3 million on income before income taxes of \$192.6 million, primarily due to an income tax benefit of \$136.2 million related to the finalization and settlement of the U.S. Federal income tax audit from years 2006 through 2016. This compares to an income tax provision of \$64.6 million for the third quarter of 2019 on income before income taxes of \$232.7 million.

The income tax benefit in the first nine months of 2020 was \$50.1 million on income before income taxes of \$187.7 million, primarily driven by the same factor noted above for the third quarter of 2020. This compares to an income tax provision of \$118.7 million in the first nine months of 2019 on income before income taxes of \$450.5 million.

Balance Sheet

At September 30, 2020, cash and cash equivalents totaled \$1.63 billion, compared to \$1.19 billion at December 31, 2019 and \$520.5 million on September 30, 2019. Total debt was \$3.96 billion at September 30, 2020, compared to \$3.33 billion at December 31, 2019. The increase in debt is primarily due to our issuance of \$650.0 million in aggregate principal amount of senior notes on March 30, 2020.

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Common Stock Dividend

During the third quarter of 2020, the Company declared and paid a common stock cash dividend of \$0.255 per share, for a total of \$99.4 million.

For further information regarding the Company's financial results as well as certain non-GAAP measures including organic net revenue growth, Adjusted EBITA, adjusted EBITA before restructuring charges and adjusted earnings per diluted share, 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, Mediahub, 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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Contact Information

Tom Cunningham
(Press)
(212) 704-1326

Jerry Leshne
(Analysts, Investors)
(212) 704-1439

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

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 quarterly reports on Form 10-Q 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:

- the effects of a challenging economy 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 contain 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 under Item 1A, *Risk Factors*, in our most recent Annual Report on Form 10-K and our quarterly reports on Form 10-Q and our other SEC filings.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED SUMMARY OF EARNINGS
THIRD QUARTER REPORT 2020 AND 2019
(Amounts in Millions except Per Share Data)
(UNAUDITED)

	Three Months Ended September 30,		
	2020	2019	Fav. (Unfav.) % Variance
Revenue:			
Net Revenue	\$ 1,954.6	\$ 2,061.4	(5.2)%
Billable Expenses	170.9	376.7	(54.6)%
Total Revenue	<u>2,125.5</u>	<u>2,438.1</u>	<u>(12.8)%</u>
Operating Expenses:			
Salaries and Related Expenses	1,269.9	1,334.4	4.8 %
Office and Other Direct Expenses	307.9	367.9	16.3 %
Billable Expenses	170.9	376.7	54.6 %
Cost of Services	<u>1,748.7</u>	<u>2,079.0</u>	<u>15.9 %</u>
Selling, General and Administrative Expenses	9.9	9.8	(1.0)%
Depreciation and Amortization	71.0	69.0	(2.9)%
Restructuring Charges	47.3	0.0	>(100)%
Total Operating Expenses	<u>1,876.9</u>	<u>2,157.8</u>	<u>13.0 %</u>
Operating Income	<u>248.6</u>	<u>280.3</u>	<u>(11.3)%</u>
Expenses and Other Income:			
Interest Expense	(50.8)	(49.7)	
Interest Income	6.1	9.5	
Other Expense, Net	(11.3)	(7.4)	
Total (Expenses) and Other Income	<u>(56.0)</u>	<u>(47.6)</u>	
Income Before Income Taxes	192.6	232.7	
(Benefit of) Provision for Income Taxes	(86.3)	64.6	
Income of Consolidated Companies	278.9	168.1	
Equity in Net (Loss) Income of Unconsolidated Affiliates	(0.4)	0.3	
Net Income	278.5	168.4	
Net Loss (Income) Attributable to Noncontrolling Interests	1.2	(2.8)	
Net Income Available to IPG Common Stockholders	<u>\$ 279.7</u>	<u>\$ 165.6</u>	
Earnings Per Share Available to IPG Common Stockholders:			
Basic	\$ 0.72	\$ 0.43	
Diluted	\$ 0.71	\$ 0.42	
Weighted-Average Number of Common Shares Outstanding:			
Basic	389.6	386.7	
Diluted	393.9	391.8	
Dividends Declared Per Common Share	\$ 0.255	\$ 0.235	

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THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED SUMMARY OF EARNINGS
THIRD QUARTER REPORT 2020 AND 2019
(Amounts in Millions except Per Share Data)
(UNAUDITED)

	Nine Months Ended September 30,		
	2020	2019	Fav. (Unfav.) % Variance
Revenue:			
Net Revenue	\$ 5,780.1	\$ 6,192.1	(6.7)%
Billable Expenses	730.9	1,127.4	(35.2)%
Total Revenue	6,511.0	7,319.5	(11.0)%
Operating Expenses:			
Salaries and Related Expenses	3,998.8	4,136.7	3.3 %
Office and Other Direct Expenses	1,003.1	1,144.4	12.3 %
Billable Expenses	730.9	1,127.4	35.2 %
Cost of Services	5,732.8	6,408.5	10.5 %
Selling, General and Administrative Expenses	36.4	69.3	47.5 %
Depreciation and Amortization	216.9	213.1	(1.8)%
Restructuring Charges	159.9	33.9	>(100)%
Total Operating Expenses	6,146.0	6,724.8	8.6 %
Operating Income	365.0	594.7	(38.6)%
Expenses and Other Income:			
Interest Expense	(145.4)	(151.1)	
Interest Income	22.7	25.0	
Other Expense, Net	(54.6)	(18.1)	
Total (Expenses) and Other Income	(177.3)	(144.2)	
Income Before Income Taxes	187.7	450.5	
(Benefit of) Provision for Income Taxes	(50.1)	118.7	
Income of Consolidated Companies	237.8	331.8	
Equity in Net Loss of Unconsolidated Affiliates	(0.6)	(0.1)	
Net Income	237.2	331.7	
Net Loss (Income) Attributable to Noncontrolling Interests	1.6	(4.6)	
Net Income Available to IPG Common Stockholders	\$ 238.8	\$ 327.1	
Earnings Per Share Available to IPG Common Stockholders:			
Basic	\$ 0.61	\$ 0.85	
Diluted	\$ 0.61	\$ 0.84	
Weighted-Average Number of Common Shares Outstanding:			
Basic	388.9	385.8	
Diluted	392.6	390.3	
Dividends Declared Per Common Share	\$ 0.765	\$ 0.705	

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

	Three Months Ended September 30, 2020					
	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses ¹	Net Impact of Various Discrete Tax Items ²	Adjusted Results (Non-GAAP)
Operating Income and Adjusted EBITA before Restructuring Charges ³	\$ 248.6	\$ (21.3)	\$ (47.3)			\$ 317.2
Total (Expenses) and Other Income ⁴	(56.0)			\$ (8.6)		(47.4)
Income Before Income Taxes	192.6	(21.3)	(47.3)	(8.6)		269.8
(Benefit of) Provision for Income Taxes	(86.3)	4.3	10.8	2.1	\$ 132.6	63.5
Equity in Net Loss of Unconsolidated Affiliates	(0.4)					(0.4)
Net Loss Attributable to Noncontrolling Interests	1.2					1.2
Net Income Available to IPG Common Stockholders	<u>\$ 279.7</u>	<u>\$ (17.0)</u>	<u>\$ (36.5)</u>	<u>\$ (6.5)</u>	<u>\$ 132.6</u>	<u>\$ 207.1</u>
Weighted-Average Number of Common Shares Outstanding - Basic	389.6					389.6
Dilutive effect of stock options and restricted shares	4.3					4.3
Weighted-Average Number of Common Shares Outstanding - Diluted	<u>393.9</u>					<u>393.9</u>
Earnings per Share Available to IPG Common Stockholders ⁵ :						
Basic	\$ 0.72	\$ (0.04)	\$ (0.09)	\$ (0.02)	\$ 0.34	\$ 0.53
Diluted	\$ 0.71	\$ (0.04)	\$ (0.09)	\$ (0.02)	\$ 0.34	\$ 0.53

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

² Includes a tax benefit of \$136.2 related to the finalization and settlement of the U.S. Federal income tax audit for years 2006 through 2016 partially offset by \$3.6 of tax expense related to the estimated costs associated with our change in our APB 23 assertion for certain foreign subsidiaries.

³ Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on page 12.

⁴ Consists of non-operating expenses including interest expense, net and other expense, net.

⁵ 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.

[Interpublic Group](http://www.interpublicgroup.com) 909 Third Avenue New York, NY 10022 212-704-1200 tel 212-704-1201 fax

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

	Nine Months Ended September 30, 2020					
	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses ¹	Net Impact of Various Discrete Tax Items ²	Adjusted Results (Non-GAAP)
Operating Income and Adjusted EBITA before Restructuring Charges ³	\$ 365.0	\$ (64.4)	\$ (159.9)			\$ 589.3
Total (Expenses) and Other Income ⁴	(177.3)			\$ (51.8)		(125.5)
Income Before Income Taxes	187.7	(64.4)	(159.9)	(51.8)		463.8
(Benefit of) Provision for Income Taxes	(50.1)	12.7	36.2	3.0	\$ 122.6	124.4
Equity in Net Loss of Unconsolidated Affiliates	(0.6)					(0.6)
Net Loss Attributable to Noncontrolling Interests	1.6					1.6
Net Income Available to IPG Common Stockholders	<u>\$ 238.8</u>	<u>\$ (51.7)</u>	<u>\$ (123.7)</u>	<u>\$ (48.8)</u>	<u>\$ 122.6</u>	<u>\$ 340.4</u>
Weighted-Average Number of Common Shares Outstanding - Basic	388.9					388.9
Dilutive effect of stock options and restricted shares	3.7					3.7
Weighted-Average Number of Common Shares Outstanding - Diluted	<u>392.6</u>					<u>392.6</u>
Earnings per Share Available to IPG Common Stockholders ⁵ :						
Basic	\$ 0.61	\$ (0.13)	\$ (0.32)	\$ (0.13)	\$ 0.32	\$ 0.88
Diluted	\$ 0.61	\$ (0.13)	\$ (0.32)	\$ (0.12)	\$ 0.31	\$ 0.87

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

² Includes a tax benefit of \$136.2 related to the finalization and settlement of the U.S. Federal income tax audit for years 2006 through 2016 partially offset by \$13.6 of tax expense related to the estimated costs associated with our change in our APB 23 assertion for certain foreign subsidiaries.

³ Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on page 12.

⁴ Consists of non-operating expenses including interest expense, net and other expense, net.

⁵ 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
U.S. GAAP RECONCILIATION OF NON-GAAP ADJUSTED RESULTS
(Amounts in Millions)
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net Revenue	\$ 1,954.6	\$ 2,061.4	\$ 5,780.1	\$ 6,192.1
Non-GAAP Reconciliation:				
Net Income Available to IPG Common Stockholders	\$ 279.7	\$ 165.6	\$ 238.8	\$ 327.1
Add Back:				
(Benefit of) Provision for Income Taxes	(86.3)	64.6	(50.1)	118.7
Subtract:				
Total (Expenses) and Other Income	(56.0)	(47.6)	(177.3)	(144.2)
Equity in Net (Loss) Income of Unconsolidated Affiliates	(0.4)	0.3	(0.6)	(0.1)
Net Loss (Income) Attributable to Noncontrolling Interests	1.2	(2.8)	1.6	(4.6)
Operating Income	248.6	280.3	365.0	594.7
Add Back:				
Amortization of Acquired Intangibles	21.3	21.7	64.4	64.6
Adjusted EBITA	\$ 269.9	\$ 302.0	\$ 429.4	\$ 659.3
<i>Adjusted EBITA Margin on Net Revenue %</i>	<i>13.8 %</i>	<i>14.7 %</i>	<i>7.4 %</i>	<i>10.6 %</i>
Restructuring Charges ¹	47.3	N/A	159.9	31.8
Adjusted EBITA before Restructuring Charges	\$ 317.2	N/A	\$ 589.3	\$ 691.1
<i>Adjusted EBITA before Restructuring Charges Margin on Net Revenue %</i>	<i>16.2 %</i>	<i>N/A</i>	<i>10.2 %</i>	<i>11.2 %</i>

¹ In the second and third quarters of 2020, the Company took restructuring actions to lower our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business. The adjustment of \$31.8 for restructuring charges for the nine months ended September 30, 2019 only includes restructuring charges from the first quarter of 2019, which relate to a cost initiative to better align our cost structure with our revenue due to client losses occurred in 2018.

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
U.S. GAAP RECONCILIATION OF NON-GAAP ADJUSTED RESULTS
(Amounts in Millions except Per Share Data)
(UNAUDITED)

	Three Months Ended September 30, 2019			
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses ¹	Adjusted Results (Non-GAAP)
Operating Income and Adjusted EBITA²	\$ 280.3	\$ (21.7)		\$ 302.0
Total (Expenses) and Other Income ³	(47.6)		\$ (7.7)	(39.9)
Income Before Income Taxes	232.7	(21.7)	(7.7)	262.1
Provision for Income Taxes	64.6	4.2	—	68.8
Equity in Net Income of Unconsolidated Affiliates	0.3			0.3
Net Income Attributable to Noncontrolling Interests	(2.8)			(2.8)
Net Income Available to IPG Common Stockholders	\$ 165.6	\$ (17.5)	\$ (7.7)	\$ 190.8
Weighted-Average Number of Common Shares Outstanding - Basic	386.7			386.7
Dilutive effect of stock options and restricted shares	5.1			5.1
Weighted-Average Number of Common Shares Outstanding - Diluted	391.8			391.8
Earnings per Share Available to IPG Common Stockholders⁴:				
Basic	\$ 0.43	\$ (0.05)	\$ (0.02)	\$ 0.49
Diluted	\$ 0.42	\$ (0.04)	\$ (0.02)	\$ 0.49

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

² Refer to non-GAAP reconciliation of Adjusted EBITA on page 12.

³ Consists of non-operating expenses including interest expense, net and other expense, net.

⁴ 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
U.S. GAAP RECONCILIATION OF NON-GAAP ADJUSTED RESULTS
(Amounts in Millions except Per Share Data)
(UNAUDITED)

	Nine Months Ended September 30, 2019					
	As Reported	Amortization of Acquired Intangibles	Q1 2019 Restructuring Charges	Net Losses on Sales of Businesses ¹	Settlement of Certain Tax Positions	Adjusted Results (Non-GAAP)
Operating Income and Adjusted EBITA before Restructuring Charges²	\$ 594.7	\$ (64.6)	\$ (31.8)			\$ 691.1
Total (Expenses) and Other Income ³	(144.2)			\$ (22.3)		(121.9)
Income Before Income Taxes	450.5	(64.6)	(31.8)	(22.3)		569.2
Provision for Income Taxes	118.7	12.6	7.6	—	\$ 13.9	152.8
Equity in Net Loss of Unconsolidated Affiliates	(0.1)					(0.1)
Net Income Attributable to Noncontrolling Interests	(4.6)					(4.6)
Net Income Available to IPG Common Stockholders	\$ 327.1	\$ (52.0)	\$ (24.2)	\$ (22.3)	\$ 13.9	\$ 411.7
Weighted-Average Number of Common Shares Outstanding - Basic	385.8					385.8
Dilutive effect of stock options and restricted shares	4.5					4.5
Weighted-Average Number of Common Shares Outstanding - Diluted	390.3					390.3
Earnings per Share Available to IPG Common Stockholders⁴:						
Basic	\$ 0.85	\$ (0.13)	\$ (0.06)	\$ (0.06)	\$ 0.04	\$ 1.07
Diluted	\$ 0.84	\$ (0.13)	\$ (0.06)	\$ (0.06)	\$ 0.04	\$ 1.05

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

² Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on page 12.

³ Consists of non-operating expenses including interest expense, net and other expense, net.

⁴ 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.



THIRD QUARTER 2020
EARNINGS CONFERENCE CALL

Interpublic Group
October 21, 2020

Overview — Third Quarter 2020

- Net revenue change was -5.2%, and organic change of net revenue was -3.7%, amid COVID-19 macroeconomic disruption
 - U.S. organic change was -2.4%
 - International organic change was -6.0%
- Net income as reported was \$279.7 million, with adjusted EBITA of \$317.2 million before restructuring charges
- Adjusted EBITA margin on net revenue was 16.2% before restructuring charges
- Restructuring charges of \$47.3 million expected to yield permanent annualized operating expense reduction of \$30-40 million
- Diluted earnings per share was \$0.71, and adjusted diluted EPS was \$0.53 excluding amortization of acquired intangibles and restructuring charges, and, below operating income, the net impact of business dispositions and the net benefit of discrete tax items in the quarter
- Balance sheet and liquidity remain strong with \$3.6 billion of total available liquidity

Organic growth refers exclusively to the organic change of net revenue. Adjusted EBITA before restructuring charges is calculated as net (loss) income available to IPG common stockholders before (benefit) provision for income taxes, total (expenses) and other income, equity in net (loss) income of unconsolidated affiliates, net loss (income) attributable to noncontrolling interests, amortization of acquired intangibles and restructuring charges. Adjusted diluted EPS is adjusted for amortization of acquired intangibles, restructuring charges, net sales of businesses and the net impact of discrete tax items. See reconciliation of organic net revenue change on pages 19-20 and non-GAAP reconciliation of adjusted results on pages 21-25.

Operating Performance

	Three Months Ended September 30,	
	2020	2019
Net Revenue	\$ 1,954.6	\$ 2,061.4
Billable Expenses	170.9	376.7
Total Revenue	2,125.5	2,438.1
Salaries and Related Expenses	1,269.9	1,334.4
Office and Other Direct Expenses	307.9	367.9
Billable Expenses	170.9	376.7
Cost of Services	1,748.7	2,079.0
Selling, General and Administrative Expenses	9.9	9.8
Depreciation and Amortization	71.0	69.0
Restructuring Charges	47.3	0.0
Operating Income	248.6	280.3
Interest Expense, net	(44.7)	(40.2)
Other Expense, net	(11.3)	(7.4)
Income Before Income Taxes	192.6	232.7
(Benefit of) Provision for Income Taxes ⁽¹⁾	(86.3)	64.6
Equity in Net (Loss) Income of Unconsolidated Affiliates	(0.4)	0.3
Net Income	278.5	168.4
Net Loss (Income) Attributable to Noncontrolling Interests	1.2	(2.8)
Net Income Available to IPG Common Stockholders	\$ 279.7	\$ 165.6
Earnings per Share Available to IPG Common Stockholders - Basic	\$ 0.72	\$ 0.43
Earnings per Share Available to IPG Common Stockholders - Diluted	\$ 0.71	\$ 0.42
Weighted-Average Number of Common Shares Outstanding - Basic	389.6	386.7
Weighted-Average Number of Common Shares Outstanding - Diluted	393.9	391.8
Dividends Declared per Common Share	\$ 0.255	\$ 0.235

⁽¹⁾ Includes an income tax benefit of \$136.2 in the third quarter of 2020 in relation to the finalization and settlement of the U.S. Federal income tax audit for years 2006 through 2016.

(\$ in Millions, except per share amounts)

Net Revenue

	Three Months Ended		Nine Months Ended	
	\$	% Change	\$	% Change
September 30, 2019	\$ 2,061.4		\$ 6,192.1	
Foreign currency	(6.3)	(0.3%)	(71.7)	(1.2%)
Net acquisitions/(divestitures)	(23.5)	(1.2%)	(58.8)	(1.0%)
Organic	(77.0)	(3.7%)	(281.5)	(4.5%)
Total change	(106.8)	(5.2%)	(412.0)	(6.7%)
September 30, 2020	\$ 1,954.6		\$ 5,780.1	

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020	2019 ⁽¹⁾	Change		2020	2019 ⁽¹⁾	Change	
			Organic	Total			Organic	Total
IAN	\$ 1,685.5	\$ 1,739.2	(1.4%)	(3.1%)	\$ 4,935.7	\$ 5,246.4	(3.6%)	(5.9%)
CMG	\$ 269.1	\$ 322.2	(16.5%)	(16.5%)	\$ 844.4	\$ 945.7	(9.8%)	(10.7%)

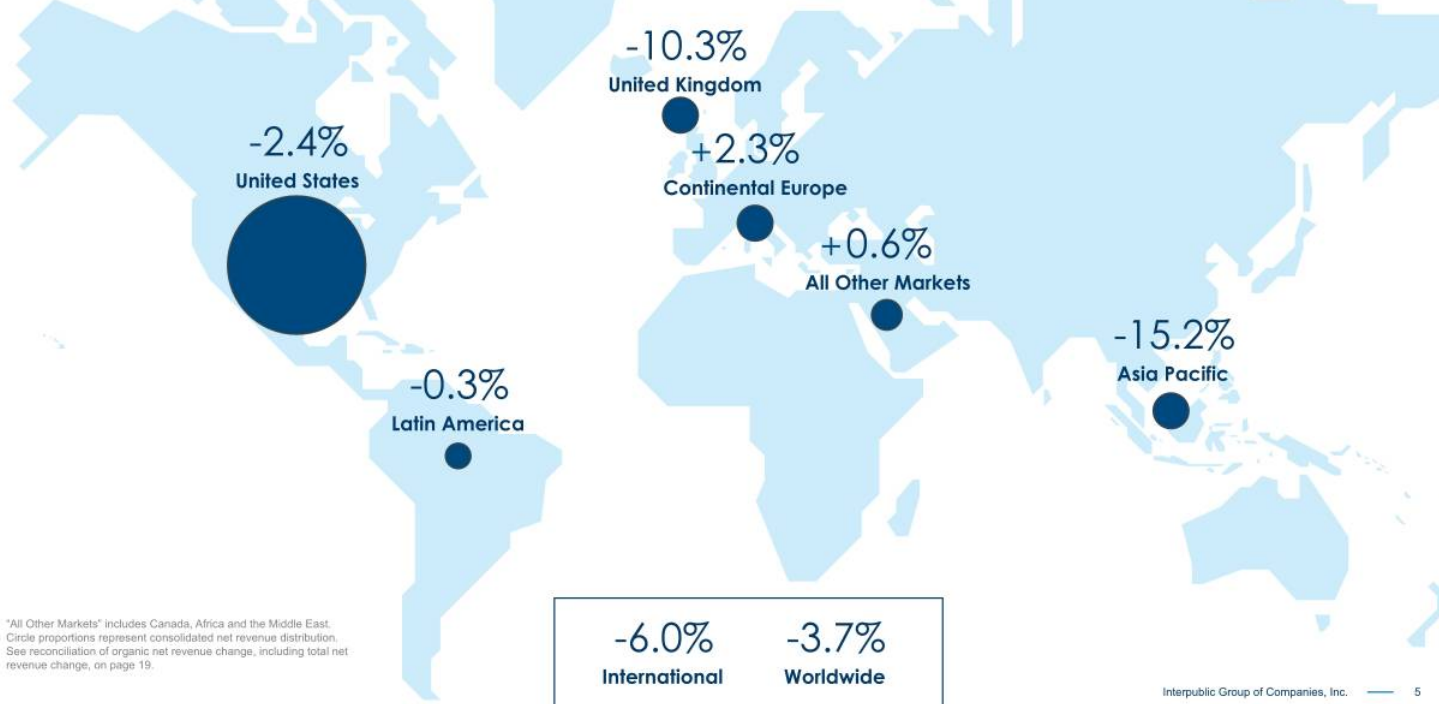
⁽¹⁾ Results for the three months and nine months ended September 30, 2019 have been recast to conform to the current-period presentation. See reconciliation of segment organic net revenue change on pages 19-20.

(\$ in Millions)

Interpublic Group of Companies, Inc. 4

Organic Net Revenue Change by Region

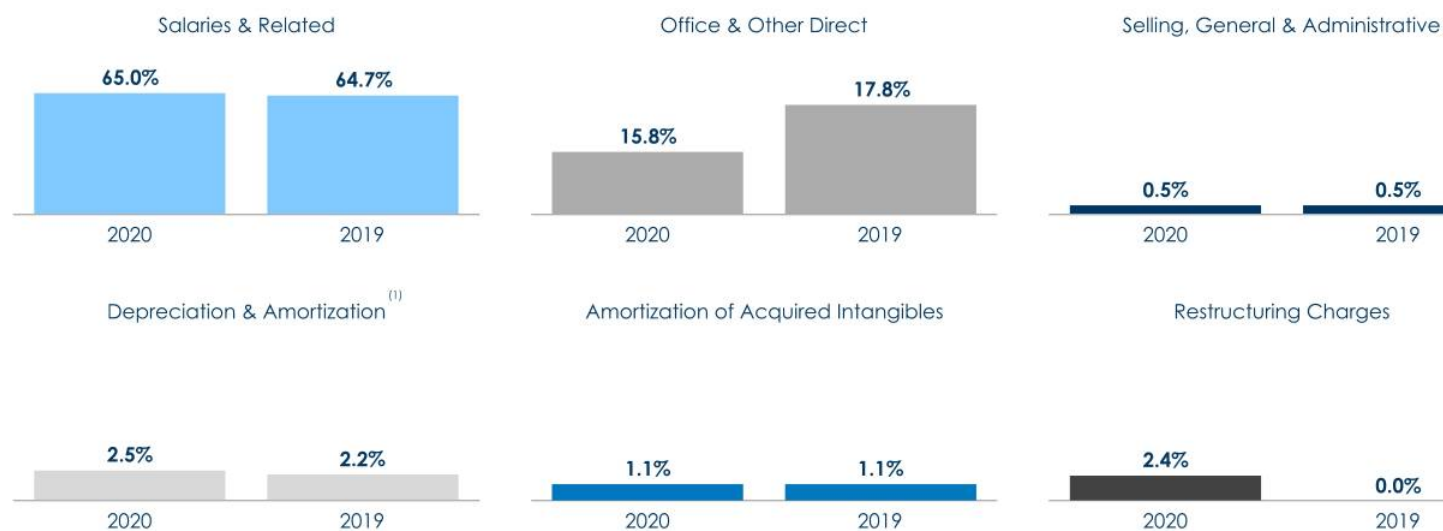
Three Months Ended September 30, 2020



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 19.

Operating Expenses % of Net Revenue

Three Months Ended September 30



⁽¹⁾ Excludes amortization of acquired intangibles.

Adjusted Diluted Earnings Per Share

Three Months Ended September 30, 2020

	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items ⁽¹⁾	A (N
Operating Income and Adjusted EBITA before Restructuring Charges ⁽²⁾	\$ 248.6	\$ (21.3)	\$ (47.3)			\$
Total (Expenses) and Other Income ⁽³⁾	(56.0)			\$ (8.6)		
Income Before Income Taxes	192.6	(21.3)	(47.3)	(8.6)		
(Benefit of) Provision for Income Taxes	(86.3)	4.3	10.8	2.1	\$ 132.6	
Equity in Net Loss of Unconsolidated Affiliates	(0.4)					
Net Loss Attributable to Noncontrolling Interests	1.2					
DILUTED EPS COMPONENTS:						
Net Income Available to IPG Common Stockholders	\$ 279.7	\$ (17.0)	\$ (36.5)	\$ (6.5)	\$ 132.6	\$
Weighted-Average Number of Common Shares Outstanding	393.9					
Earnings per Share Available to IPG Common Stockholders ⁽⁴⁾	\$ 0.71	\$ (0.04)	\$ (0.09)	\$ (0.02)	\$ 0.34	\$

⁽¹⁾ Includes a tax benefit of \$138.2 related to the finalization and settlement of the U.S. Federal income tax audit for years 2006 through 2016 partially offset by \$3.6 of tax expense related to the estimated costs associated with our change in our APB 23 assertion for certain foreign subsidiaries.

⁽²⁾ Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on slide 23.

⁽³⁾ Consists of non-operating expenses including interest expense, net and other expense, net.

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

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

(\$ in Millions, except per share amounts)

Adjusted Diluted Earnings Per Share

Nine Months Ended September 30, 2020

	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items ⁽¹⁾	Adjusted Diluted Earnings Per Share (Numerator)
Operating Income and Adjusted EBITA before Restructuring Charges ⁽²⁾	\$ 365.0	\$ (64.4)	\$ (159.9)			\$ 140.7
Total (Expenses) and Other Income ⁽³⁾	(177.3)			\$ (51.8)		(177.3)
Income Before Income Taxes	187.7	(64.4)	(159.9)	(51.8)		(51.8)
(Benefit of) Provision for Income Taxes	(50.1)	12.7	36.2	3.0	\$ 122.6	
Equity in Net Loss of Unconsolidated Affiliates	(0.6)					
Net Loss Attributable to Noncontrolling Interests	1.6					
DILUTED EPS COMPONENTS:						
Net Income Available to IPG Common Stockholders	\$ 238.8	\$ (51.7)	\$ (123.7)	\$ (48.8)	\$ 122.6	\$ 122.6
Weighted-Average Number of Common Shares Outstanding	392.6					
Earnings per Share Available to IPG Common Stockholders ⁽⁴⁾	\$ 0.61	\$ (0.13)	\$ (0.32)	\$ (0.12)	\$ 0.31	\$ 0.31

⁽¹⁾ Includes a tax benefit of \$138.2 related to the finalization and settlement of the U.S. Federal income tax audit for years 2006 through 2016 partially offset by \$13.6 of tax expense related to the estimated costs associated with our change in our APB 23 assertion for certain foreign subsidiaries.

⁽²⁾ Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on slide 23.

⁽³⁾ Consists of non-operating expenses including interest expense, net and other expense, net.

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

See full non-GAAP reconciliation of adjusted diluted earnings per share on page 22.

(\$ in Millions, except per share amounts)

Cash Flow

		Three Months Ended September 30,	
		2020	2019
Net Income		\$ 278.5	\$ 168.4
OPERATING ACTIVITIES:			
	Depreciation & amortization	94.9	85.6
	Non-cash restructuring charges	28.1	—
	Other non-cash items	19.5	0.4
	Deferred taxes	11.7	1.5
	Net losses on sales of businesses	8.6	7.7
	Change in working capital, net	376.8	(47.2)
	Change in other non-current assets & liabilities	(128.8)	8.2
	Net cash provided by Operating Activities	689.3	224.6
INVESTING ACTIVITIES:			
	Capital expenditures	(40.1)	(53.7)
	Other investing activities	0.9	10.9
	Net cash used in Investing Activities	(39.2)	(42.8)
FINANCING ACTIVITIES:			
	Exercise of stock options	0.0	3.6
	Common stock dividends	(99.4)	(90.8)
	Acquisition-related payments	(8.3)	(2.3)
	Distributions to noncontrolling interests	(4.3)	(4.3)
	Net (decrease) increase in short-term borrowings	(0.6)	40.8
	Tax payments for employee shares withheld	(0.4)	(0.3)
	Repayment of long-term debt	(0.4)	(200.1)
	Other financing activities	(2.0)	0.1
	Net cash used in Financing Activities	(115.4)	(253.3)
	Currency effect	8.6	(21.4)
Net increase (decrease) in cash, cash equivalents and restricted cash		\$ 543.3	\$ (92.9)

(\$ in Millions)

Interpublic Group of Companies, Inc. 9

Balance Sheet — Current Portion

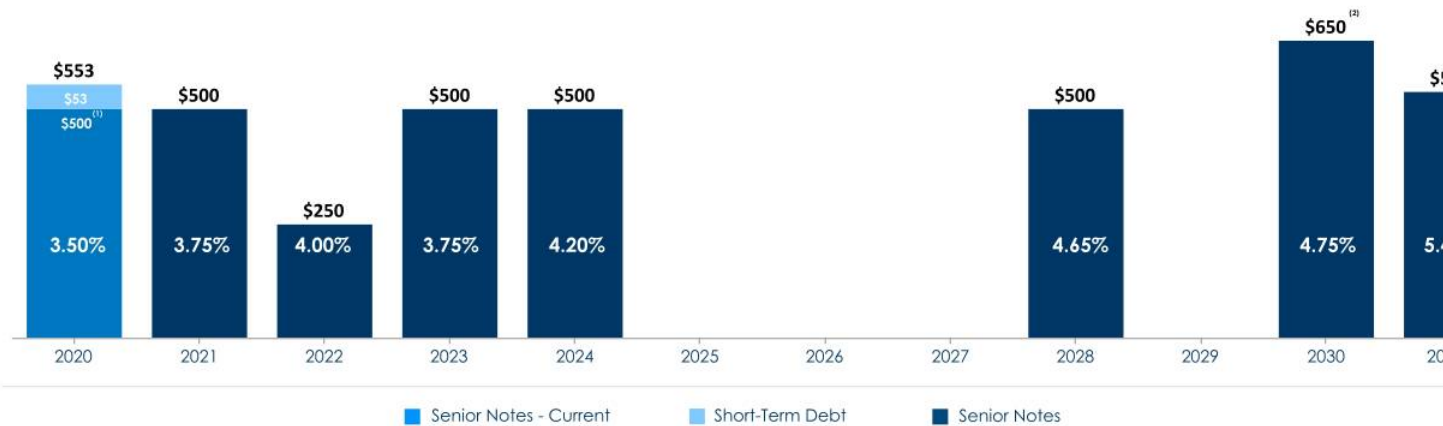
	September 30, 2020	December 31, 2019	September 30, 2019
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,628.0	\$ 1,192.2	\$ 520.5
Accounts receivable, net	3,297.4	5,209.2	4,047.8
Accounts receivable, billable to clients	1,817.2	1,934.1	2,018.7
Assets held for sale	20.0	22.8	22.8
Other current assets	521.7	412.4	440.2
Total current assets	\$ 7,284.3	\$ 8,770.7	\$ 7,050.0
CURRENT LIABILITIES:			
Accounts payable	\$ 5,105.9	\$ 7,205.4	\$ 5,656.0
Accrued liabilities	644.7	742.8	634.3
Contract liabilities	611.3	585.6	562.4
Short-term borrowings	46.3	52.4	244.8
Current portion of long-term debt	506.6	502.0	3.3
Current portion of operating leases	263.6	267.2	261.6
Liabilities held for sale	49.5	65.0	36.0
Total current liabilities	\$ 7,227.9	\$ 9,420.4	\$ 7,398.4

(\$ in Millions)

Interpublic Group of Companies, Inc. 10

Debt Maturity Schedule

Total Debt = \$4.0 billion



⁽¹⁾ Senior Notes due on October 1, 2020.
⁽²⁾ 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 September 30, 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
- Continued investment in our leading talent, tools and services
- Effective expense management an ongoing priority
- Financial strength an ongoing source of value creation



Appendix

Operating Performance

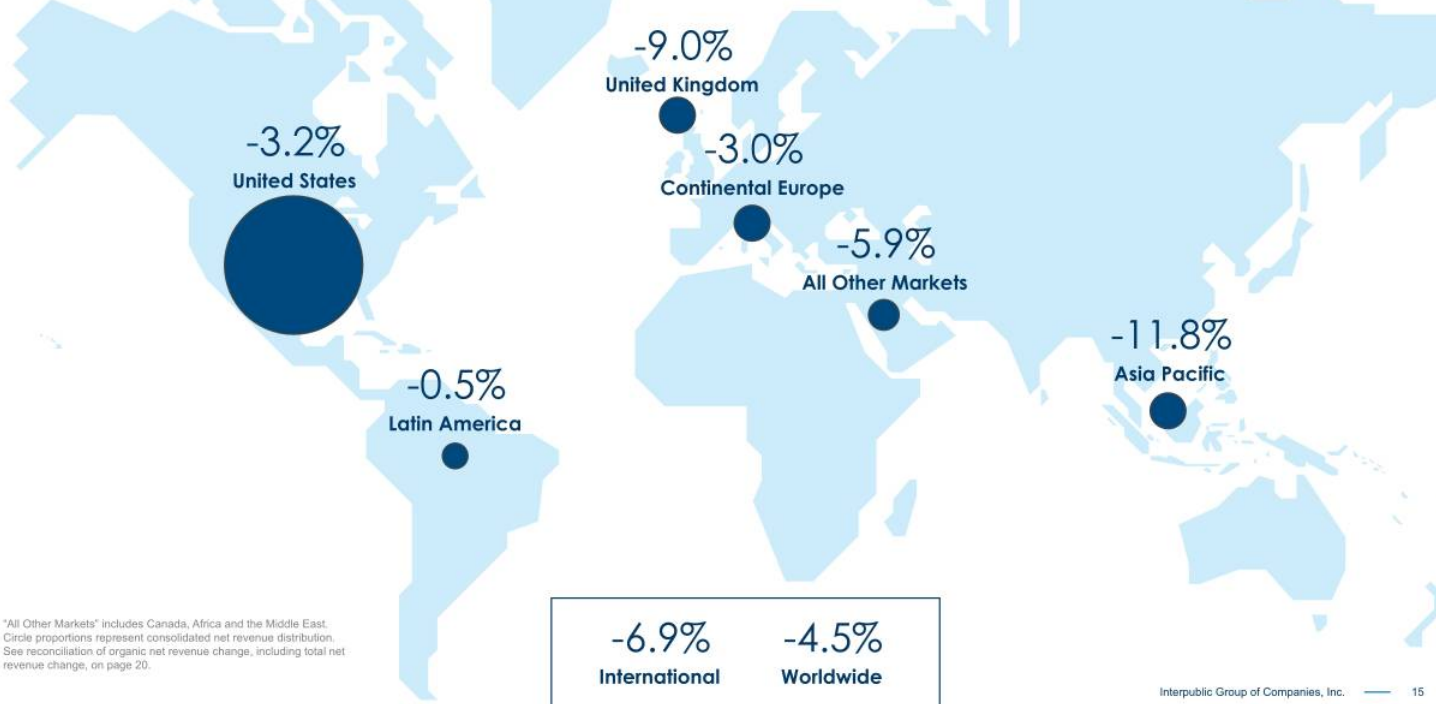
	Nine Months Ended September 30,	
	2020	2019
Net Revenue	\$ 5,780.1	\$ 6,192.1
Billable Expenses	730.9	1,127.4
Total Revenue	6,511.0	7,319.5
Salaries and Related Expenses	3,998.8	4,136.7
Office and Other Direct Expenses	1,003.1	1,144.4
Billable Expenses	730.9	1,127.4
Cost of Services	5,732.8	6,408.5
Selling, General and Administrative Expenses	36.4	69.3
Depreciation and Amortization	216.9	213.1
Restructuring Charges	159.9	33.9
Operating Income	365.0	594.7
Interest Expense, net	(122.7)	(126.1)
Other Expense, net	(54.6)	(18.1)
Income Before Income Taxes	187.7	450.5
(Benefit of) Provision for Income Taxes ⁽¹⁾	(50.1)	118.7
Equity in Net Loss of Unconsolidated Affiliates	(0.6)	(0.1)
Net Income	237.2	331.7
Net Loss (Income) Attributable to Noncontrolling Interests	1.6	(4.6)
Net Income Available to IPG Common Stockholders	\$ 238.8	\$ 327.1
Earnings per Share Available to IPG Common Stockholders - Basic	\$ 0.61	\$ 0.85
Earnings per Share Available to IPG Common Stockholders - Diluted	\$ 0.61	\$ 0.84
Weighted-Average Number of Common Shares Outstanding - Basic	388.9	385.8
Weighted-Average Number of Common Shares Outstanding - Diluted	392.6	390.3
Dividends Declared per Common Share	\$ 0.765	\$ 0.705

⁽¹⁾ Includes an income tax benefit of \$136.2 in the third quarter of 2020 in relation to the finalization and settlement of the U.S. Federal income audit for years 2006 through 2016.

(\$ in Millions, except per share amounts)

Organic Net Revenue Change by Region

Nine Months Ended September 30, 2020



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 20.

Operating Expenses % of Net Revenue

Nine Months Ended September 30



⁽¹⁾ Excludes amortization of acquired intangibles.

Cash Flow

		Nine Months Ended September 30,	
		2020	2019
Net Income		\$ 237.2	\$ 331.7
OPERATING ACTIVITIES:			
	Depreciation & amortization	281.9	278.4
	Non-cash restructuring charges	95.7	11.7
	Other non-cash items	70.5	6.1
	Net losses on sales of businesses	51.8	19.5
	Deferred taxes	(9.4)	(1.5)
	Change in working capital, net	(259.7)	(160.3)
	Change in other non-current assets & liabilities	(142.9)	(62.0)
	Net cash provided by Operating Activities	325.1	423.6
INVESTING ACTIVITIES:			
	Capital expenditures	(112.0)	(133.8)
	Acquisitions, net of cash acquired	(2.5)	(0.6)
	Other investing activities	(18.0)	13.7
	Net cash used in Investing Activities	(132.5)	(120.7)
FINANCING ACTIVITIES:			
	Proceeds from long-term debt	646.2	0.0
	Net increase in short-term borrowings	1.9	173.1
	Exercise of stock options	0.0	4.2
	Common stock dividends	(298.6)	(272.2)
	Acquisition-related payments	(40.6)	(15.3)
	Tax payments for employee shares withheld	(22.2)	(22.3)
	Distributions to noncontrolling interests	(13.7)	(12.4)
	Repayment of long-term debt	(0.5)	(300.2)
	Other financing activities	(10.2)	0.1
	Net cash provided by (used in) Financing Activities	262.3	(445.0)
	Currency effect	(20.3)	(11.1)
Net increase (decrease) in cash, cash equivalents and restricted cash		\$ 434.6	\$ (153.2)

(\$ in Millions)

Interpublic Group of Companies, Inc. 17

Depreciation and Amortization

	2020				YTD 2020
	Q1	Q2	Q3	Q4	
Depreciation and amortization ⁽¹⁾	\$ 51.5	\$ 51.3	\$ 49.7		\$ 152.5
Amortization of acquired intangibles	21.3	21.8	21.3		64.4
Amortization of restricted stock and other non-cash compensation	23.2	12.6	20.6		56.4
Net amortization of bond discounts and deferred financing costs	2.3	3.0	3.3		8.6

	2019				FY 2019
	Q1	Q2	Q3	Q4	
Depreciation and amortization ⁽¹⁾	\$ 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

⁽¹⁾ Excludes amortization of acquired intangibles.

(\$ in Millions)

Reconciliation of Organic Net Revenue

		Three Months Ended September 30, 2019	Components of Change			Three Months Ended September 30, 2020	Change	
			Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
SEGMENT:	IAN ⁽¹⁾	\$ 1,739.2	\$ (8.3)	\$ (21.6)	\$ (23.8)	\$ 1,685.5	(1.4%)	(3.1%)
	CMG ⁽¹⁾	322.2	2.0	(1.9)	(53.2)	269.1	(16.5%)	(16.5%)
	Total	\$ 2,061.4	\$ (6.3)	\$ (23.5)	\$ (77.0)	\$ 1,954.6	(3.7%)	(5.2%)
GEOGRAPHIC:	United States	\$ 1,313.0	\$ —	\$ (7.6)	\$ (32.0)	\$ 1,273.4	(2.4%)	(3.0%)
	International	748.4	(6.3)	(15.9)	(45.0)	681.2	(6.0%)	(9.0%)
	United Kingdom	172.1	7.1	0.6	(17.8)	162.0	(10.3%)	(5.9%)
	Continental Europe	155.7	6.1	(7.4)	3.6	158.0	2.3%	1.5%
	Asia Pacific	205.0	(0.3)	(7.5)	(31.2)	166.0	(15.2%)	(19.0%)
	Latin America	97.8	(17.5)	(1.5)	(0.3)	78.5	(0.3%)	(19.7%)
	All Other Markets	117.8	(1.7)	(0.1)	0.7	116.7	0.6%	(0.9%)
	Worldwide	\$ 2,061.4	\$ (6.3)	\$ (23.5)	\$ (77.0)	\$ 1,954.6	(3.7%)	(5.2%)

⁽¹⁾ Results for the three months ended September 30, 2019 have been recast to conform to the current-period presentation.

(\$ in Millions)

Interpublic Group of Companies, Inc. 19

Reconciliation of Organic Net Revenue

		Nine Months Ended September 30, 2019	Components of Change			Nine Months Ended September 30, 2020	Change	
			Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
SEGMENT:	IAN ⁽¹⁾	\$ 5,246.4	\$ (66.9)	\$ (55.2)	\$ (188.6)	\$ 4,935.7	(3.6%)	(5.9%)
	CMG ⁽¹⁾	945.7	(4.8)	(3.6)	(92.9)	844.4	(9.8%)	(10.7%)
	Total	\$ 6,192.1	\$ (71.7)	\$ (58.8)	\$ (281.5)	\$ 5,780.1	(4.5%)	(6.7%)
GEOGRAPHIC:	United States	\$ 3,964.8	\$ —	\$ (15.7)	\$ (128.5)	\$ 3,820.6	(3.2%)	(3.6%)
	International	2,227.3	(71.7)	(43.1)	(153.0)	1,959.5	(6.9%)	(12.0%)
	United Kingdom	522.8	(2.0)	1.1	(47.0)	474.9	(9.0%)	(9.2%)
	Continental Europe	495.8	(4.6)	(22.7)	(14.8)	453.7	(3.0%)	(8.5%)
	Asia Pacific	588.1	(12.3)	(19.0)	(69.4)	487.4	(11.8%)	(17.1%)
	Latin America	270.2	(46.6)	(2.2)	(1.3)	220.1	(0.5%)	(18.5%)
	All Other Markets	350.4	(6.2)	(0.3)	(20.5)	323.4	(5.9%)	(7.7%)
	Worldwide	\$ 6,192.1	\$ (71.7)	\$ (58.8)	\$ (281.5)	\$ 5,780.1	(4.5%)	(6.7%)

⁽¹⁾ Results for the nine months ended September 30, 2019 have been recast to conform to the current-period presentation.

(\$ in Millions)

Interpublic Group of Companies, Inc. 20

Reconciliation of Adjusted Results ⁽¹⁾

Three Months Ended September 30, 2020

	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items ⁽²⁾	
Operating Income and Adjusted EBITA before Restructuring Charges ⁽³⁾	\$ 248.6	\$ (21.3)	\$ (47.3)			\$
Total (Expenses) and Other Income ⁽⁴⁾	(56.0)			\$ (8.6)		
Income Before Income Taxes	192.6	(21.3)	(47.3)	(8.6)		
(Benefit of) Provision for Income Taxes	(86.3)	4.3	10.8	2.1	\$ 132.6	
Equity in Net Loss of Unconsolidated Affiliates	(0.4)					
Net Loss Attributable to Noncontrolling Interests	1.2					
Net Income Available to IPG Common Stockholders	\$ 279.7	\$ (17.0)	\$ (36.5)	\$ (6.5)	\$ 132.6	\$
Weighted-Average Number of Common Shares Outstanding - Basic	389.6					
Dilutive effect of stock options and restricted shares	4.3					
Weighted-Average Number of Common Shares Outstanding - Diluted	393.9					
Earnings per Share Available to IPG Common Stockholders ⁽⁵⁾:						
Basic	\$ 0.72	\$ (0.04)	\$ (0.09)	\$ (0.02)	\$ 0.34	\$
Diluted	\$ 0.71	\$ (0.04)	\$ (0.09)	\$ (0.02)	\$ 0.34	\$

⁽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 a tax benefit of \$136.2 related to the finalization and settlement of the U.S. Federal income tax audit for years 2006 through 2016 partially offset by \$3.6 of tax expense related to the estimated costs associated with our change in our APB 23 assertion for certain foreign subsidiaries.

⁽³⁾ Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on slide 23.

⁽⁴⁾ Consists of non-operating expenses including interest expense, net and other expense, net.

⁽⁵⁾ Earnings per share may not add due to rounding.

(\$ in Millions, except per share amounts)

Interpublic Group of Companies, Inc. 21

Reconciliation of Adjusted Results ⁽¹⁾

Nine Months Ended September 30, 2020

	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items ⁽²⁾	
Operating Income and Adjusted EBITA before Restructuring Charges ⁽³⁾	\$ 365.0	\$ (64.4)	\$ (159.9)			\$
Total (Expenses) and Other Income ⁽⁴⁾	(177.3)			\$ (51.8)		
Income Before Income Taxes	187.7	(64.4)	(159.9)	(51.8)		
(Benefit of) Provision for Income Taxes	(50.1)	12.7	36.2	3.0	\$ 122.6	
Equity in Net Loss of Unconsolidated Affiliates	(0.6)					
Net Loss Attributable to Noncontrolling Interests	1.6					
Net Income Available to IPG Common Stockholders	\$ 238.8	\$ (51.7)	\$ (123.7)	\$ (48.8)	\$ 122.6	\$
Weighted-Average Number of Common Shares Outstanding - Basic	388.9					
Dilutive effect of stock options and restricted shares	3.7					
Weighted-Average Number of Common Shares Outstanding - Diluted	392.6					
Earnings per Share Available to IPG Common Stockholders ⁽⁵⁾:						
Basic	\$ 0.61	\$ (0.13)	\$ (0.32)	\$ (0.13)	\$ 0.32	\$
Diluted	\$ 0.61	\$ (0.13)	\$ (0.32)	\$ (0.12)	\$ 0.31	\$

⁽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 a tax benefit of \$136.2 related to the finalization and settlement of the U.S. Federal income tax audit for years 2006 through 2016 partially offset by \$13.6 of tax expense related to the estimated costs associated with our change in our APB 23 assertion for certain foreign subsidiaries.

⁽³⁾ Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on slide 23.

⁽⁴⁾ Consists of non-operating expenses including interest expense, net and other expense, net.

⁽⁵⁾ Earnings per share may not add due to rounding.

(\$ in Millions, except per share amounts)

Interpublic Group of Companies, Inc. 22

Reconciliation of Adjusted EBITA ⁽¹⁾

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net Revenue	\$ 1,954.6	\$ 2,061.4	\$ 5,780.1	\$ 6,192.1
Non-GAAP Reconciliation:				
Net Income Available to IPG Common Stockholders	\$ 279.7	\$ 165.6	\$ 238.8	\$ 327.1
Add Back:				
(Benefit of) Provision for Income Taxes	(86.3)	64.6	(50.1)	118.7
Subtract:				
Total (Expenses) and Other Income	(56.0)	(47.6)	(177.3)	(144.2)
Equity in Net (Loss) Income of Unconsolidated Affiliates	(0.4)	0.3	(0.6)	(0.1)
Net Loss (Income) Attributable to Noncontrolling Interests	1.2	(2.8)	1.6	(4.6)
Operating Income	\$ 248.6	\$ 280.3	\$ 365.0	\$ 594.7
Add Back:				
Amortization of Acquired Intangibles	21.3	21.7	64.4	64.6
Adjusted EBITA	\$ 269.9	\$ 302.0	\$ 429.4	\$ 659.3
Adjusted EBITA Margin on Net Revenue %	13.8 %	14.7 %	7.4 %	10.6 %
Restructuring Charges ⁽²⁾	\$ 47.3	N/A	\$ 159.9	\$ 31.8
Adjusted EBITA before Restructuring Charges	\$ 317.2	N/A	\$ 589.3	\$ 691.1
Adjusted EBITA before Restructuring Charges Margin on Net Revenue %	16.2 %	N/A	10.2 %	11.2 %

⁽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⁾ In the second and third quarters of 2020, the Company took restructuring actions to lower our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business. The adjustment of \$31.8 for restructuring charges for the nine months ended September 30, 2019 only includes restructuring charges from the first quarter of 2019, which relate to a cost initiative to better align our cost structure with our revenue due to client losses occurred in 2018.

(\$ in Millions)

Interpublic Group of Companies, Inc. 23

Reconciliation of Adjusted Results ⁽¹⁾

	Three Months Ended September 30, 2019			
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Adjusted Results (Non-GAAP)
Operating Income and Adjusted EBITA ⁽²⁾	\$ 280.3	\$ (21.7)		\$ 302.0
Total (Expenses) and Other Income ⁽³⁾	(47.6)		\$ (7.7)	(39.9)
Income Before Income Taxes	232.7	(21.7)	(7.7)	262.1
Provision for Income Taxes	64.6	4.2	—	68.8
Equity in Net Income of Unconsolidated Affiliates	0.3			0.3
Net Income Attributable to Noncontrolling Interests	(2.8)			(2.8)
Net Income Available to IPG Common Stockholders	\$ 165.6	\$ (17.5)	\$ (7.7)	\$ 190.8
Weighted-Average Number of Common Shares Outstanding - Basic	386.7			386.7
Dilutive effect of stock options and restricted shares	5.1			5.1
Weighted-Average Number of Common Shares Outstanding - Diluted	391.8			391.8
Earnings per Share Available to IPG Common Stockholders ⁽⁴⁾:				
Basic	\$ 0.43	\$ (0.05)	\$ (0.02)	\$ 0.49
Diluted	\$ 0.42	\$ (0.04)	\$ (0.02)	\$ 0.49

⁽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⁾ Refer to non-GAAP reconciliation of Adjusted EBITA on slide 23.

⁽³⁾ Consists of non-operating expenses including interest expense, net and other expense, net.

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

(\$ in Millions, except per share amounts)

Interpublic Group of Companies, Inc. 24

Reconciliation of Adjusted Results ⁽¹⁾

Nine Months Ended September 30, 2019

	As Reported	Amortization of Acquired Intangibles	Q1 2019 Restructuring Charges	Net Losses on Sales of Businesses	Settlement of Certain Tax Positions	Adj Re (Non-
Operating Income and Adjusted EBITA before Restructuring Charges ⁽²⁾	\$ 594.7	\$ (64.6)	\$ (31.8)			\$
Total (Expenses) and Other Income ⁽³⁾	(144.2)			\$ (22.3)		
Income Before Income Taxes	450.5	(64.6)	(31.8)	(22.3)		
Provision for Income Taxes	118.7	12.6	7.6	—	\$ 13.9	
Equity in Net Loss of Unconsolidated Affiliates	(0.1)					
Net Income Attributable to Noncontrolling Interests	(4.6)					
Net Income Available to IPG Common Stockholders	\$ 327.1	\$ (52.0)	\$ (24.2)	\$ (22.3)	\$ 13.9	\$
Weighted-Average Number of Common Shares Outstanding - Basic	385.8					
Dilutive effect of stock options and restricted shares	4.5					
Weighted-Average Number of Common Shares Outstanding - Diluted	390.3					
Earnings per Share Available to IPG Common Stockholders ⁽⁴⁾:						
Basic	\$ 0.85	\$ (0.13)	\$ (0.06)	\$ (0.06)	\$ 0.04	\$
Diluted	\$ 0.84	\$ (0.13)	\$ (0.06)	\$ (0.06)	\$ 0.04	\$

⁽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⁾ Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on slide 23.

⁽³⁾ Consists of non-operating expenses including interest expense, net and other expense, net.

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

(\$ in Millions, except per share amounts)

Interpublic Group of Companies, Inc. 25



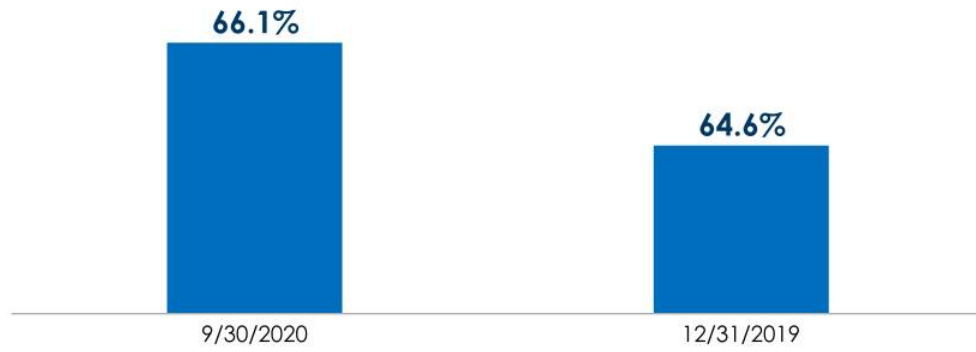
Metrics Update

Metrics Update

CATEGORY:	SALARIES & RELATED (% of net revenue)	OFFICE & OTHER DIRECT (% of net revenue)	FINANCIAL
METRIC:	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		

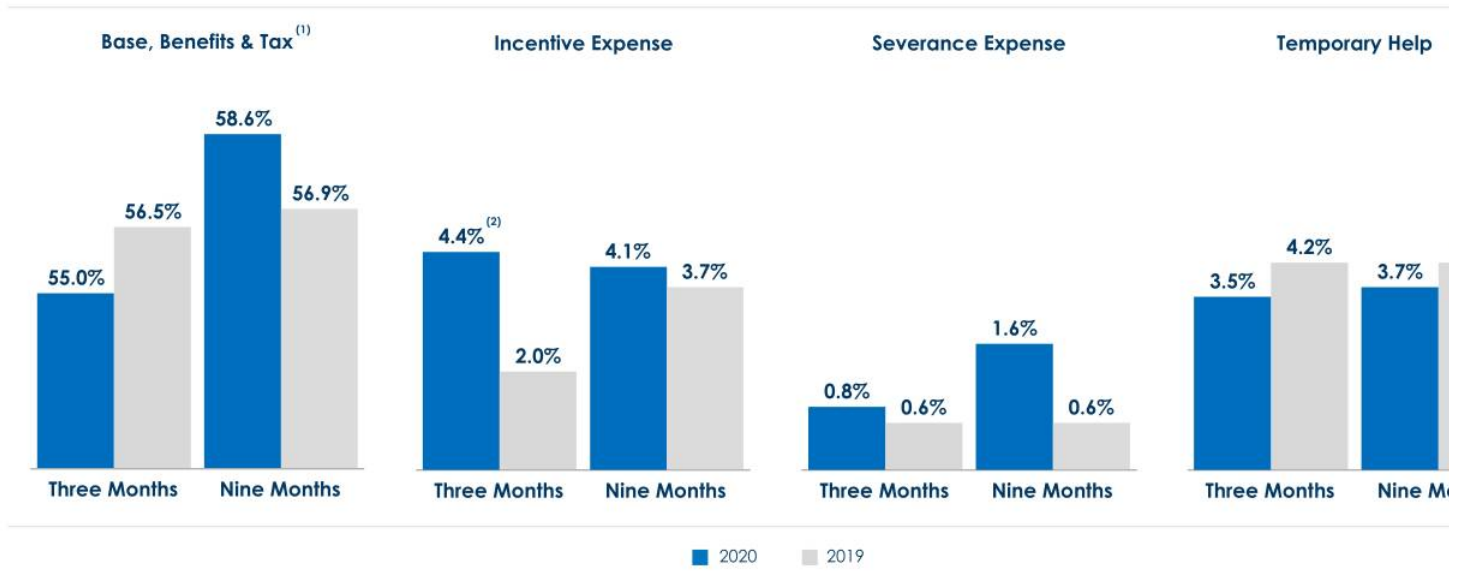
Salaries & Related Expenses

% of Net Revenue, Trailing Twelve Months



Salaries & Related Expenses (% of Net Revenue)

Three and Nine Months Ended September 30



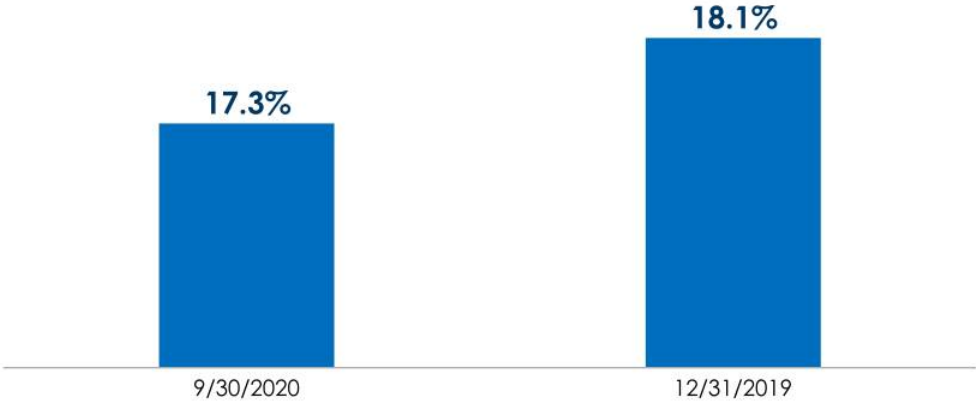
⁽¹⁾ Base, Benefits & Tax expense for the nine months ended September 30, 2020 decreased compared to the same period in 2019.

⁽²⁾ The increase in incentive expense for the quarter is related to better than projected performance in the quarter as well as timing related adjustments in the comparable prior-year quarter.

"All Other Salaries & Related," not shown, was 1.3% and 1.4% for the three months ended September 30, 2020 and 2019, respectively, and 1.2% and 1.4% for the nine months ended September 30, 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 and Nine Months Ended September 30

Occupancy Expense

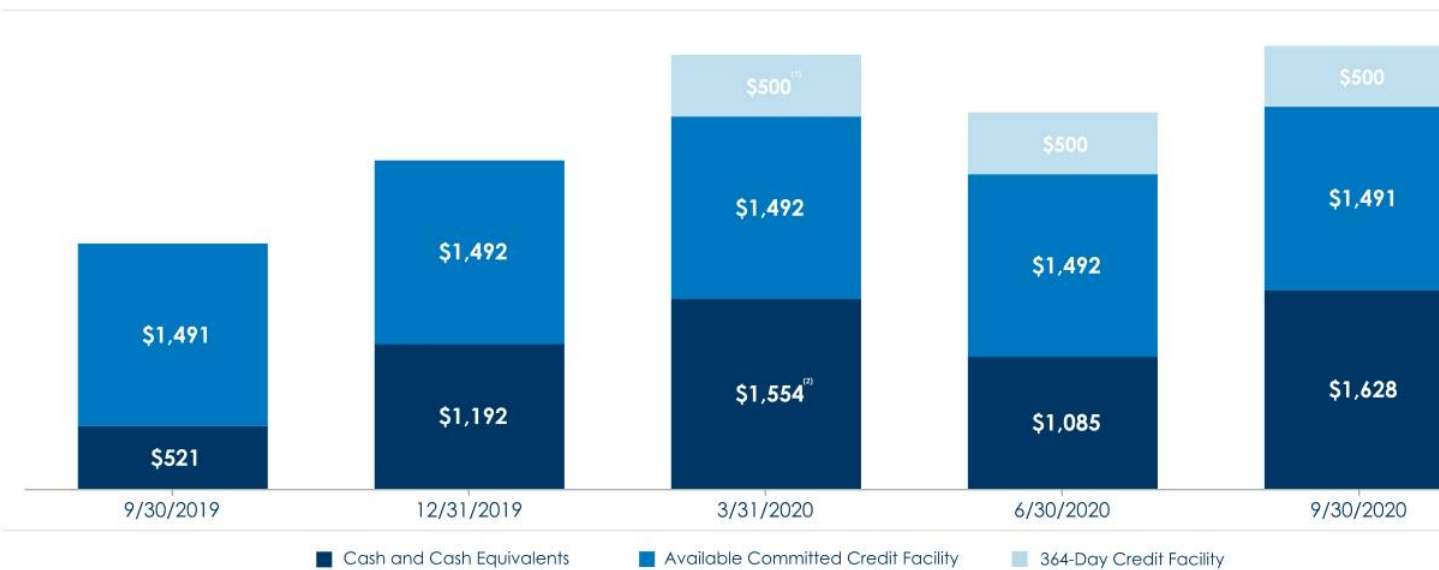
All Other



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) and other expenses.

Available Liquidity

Cash, Cash Equivalents + Available Committed Credit Facilities



⁽¹⁾ In March 2020, we entered into an agreement for a 364-day revolving credit facility.
⁽²⁾ Includes net proceeds from our March 2020 debt issuance of \$650 aggregate principal amount of Senior Notes.

(\$ in Millions)

Credit Facilities Covenant ⁽¹⁾

Covenants	Four Quarters Ended September 30, 2020
Leverage Ratio (not greater than) ⁽²⁾ ⁽³⁾	4.25x
Actual Leverage Ratio	3.01x
CREDIT AGREEMENT EBITDA RECONCILIATION:	Four Quarters Ended September 30, 2020
Net Income Available to IPG Common Stockholders	\$ 567.7
+ Non-Operating Adjustments ⁽⁴⁾	288.6
Operating Income	\$ 856.3
+ Depreciation and Amortization	388.5
+ Other Non-cash Charges Reducing Operating Income	74.0
Credit Agreement EBITDA ⁽²⁾:	\$ 1,318.8

⁽¹⁾ The leverage ratio financial covenant applies to both our committed corporate credit facility, amended and restated as of November 1, 2019, (the "Credit Agreement") and our 364-day credit facility entered into on March 27, 2020 (the "364-Day Credit Facility").

⁽²⁾ The leverage ratio is defined as debt as of the last day of such fiscal quarter to EBITDA (as defined in the Credit Agreement and the 364-Day Credit Facility) for the four quarters then ended.

⁽³⁾ On July 28, 2020, we entered into Amendment No. 1 to the Credit Agreement and Amendment No. 1 to the 364-Day Credit Facility (together, the "Amendments"). The Amendments increased the maximum leverage ratio covenant to 4.25x in the case of the 364-Day Credit Facility and, in the case of the Credit Agreement, to (i) 4.25x through the quarter ended June 30, 2021; and (ii) 3.50x thereafter.

⁽⁴⁾ Includes adjustments of the following items from our consolidated statement of operations: provision for income taxes, total (expenses) and other income, equity in net income of unconsolidated affiliates, and net loss attributable to noncontrolling interests.

(\$ in Millions)

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 under item 1A, *Risk Factors*, in our most recent Annual Report on Form 10-K and our quarterly reports on Form 10-Q 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:

- the effects of a challenging economy 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 contain 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 under Item 1A, *Risk Factors*, in our most recent Annual Report on Form 10-K and our quarterly reports on Form 10-Q and our other SEC filings.

