



Interpublic Group

FIRST QUARTER 2013 EARNINGS CONFERENCE CALL

April 19, 2013

Overview – First Quarter 2013

- Revenue increased 2.4% from Q1-12, 2.3% on an organic basis
 - International organic growth was 4.9%
 - U.S. organic growth was 0.5%
- Seasonal Q1 operating loss of \$42 million, compared with a loss of \$39 million a year ago
- EPS was a loss of \$0.14, compared with a loss of \$0.10 a year ago
- Average shares outstanding decreased 5.3% from Q1-12
- Cash & S/T Marketable Securities of \$1.65 billion at quarter-end

Operating Performance

	Three Months Ended March 31,	
	2013	2012
<i>Revenue</i>	\$ 1,543.0	\$ 1,506.8
Salaries and Related Expenses	1,132.1	1,104.9
Office and General Expenses	453.3	441.3
<i>Operating Loss</i>	(42.4)	(39.4)
Interest Expense	(36.8)	(32.6)
Interest Income	6.4	8.0
Other Income (Expense), net	1.8	(1.3)
<i>Loss Before Income Taxes</i>	(71.0)	(65.3)
Benefit of Income Taxes	(12.4)	(19.2)
Equity in Net Income of Unconsolidated Affiliates	0.1	0.4
<i>Net Loss</i>	(58.5)	(45.7)
Net Loss Attributable to Noncontrolling Interests	2.2	2.7
<i>Net Loss Attributable to IPG</i>	(56.3)	(43.0)
Dividends on Preferred Stock	(2.9)	(2.9)
<i>Net Loss Available to IPG Common Stockholders</i>	\$ (59.2)	\$ (45.9)
<i>Loss per Share Available to IPG Common Stockholders - Basic and Diluted</i>	\$ (0.14)	\$ (0.10)
<i>Weighted-Average Number of Common Shares Outstanding - Basic and Diluted</i>	414.2	437.6
<i>Dividends Declared per Common Share</i>	\$ 0.075	\$ 0.060

Revenue

	Three Months Ended	
	\$	% Change
March 31, 2012	\$ 1,506.8	
Total change	36.2	2.4%
Foreign currency	(12.2)	(0.8%)
Net acquisitions/(divestitures)	13.3	0.9%
Organic	35.1	2.3%
March 31, 2013	\$ 1,543.0	

	Three Months Ended			
	March 31,			
			Change	
	2013	2012	Total	Organic
IAN	\$ 1,241.1	\$ 1,243.9	(0.2%)	(0.1%)
CMG	\$ 301.9	\$ 262.9	14.8%	14.0%

Integrated Agency Networks (“IAN”): McCann Worldgroup, Drafftcb, Lowe & Partners, IPG Mediabrands and our domestic integrated agencies
 Constituency Management Group (“CMG”): Weber Shandwick, GolinHarris, Jack Morton, FutureBrand, Octagon and our other marketing service specialists

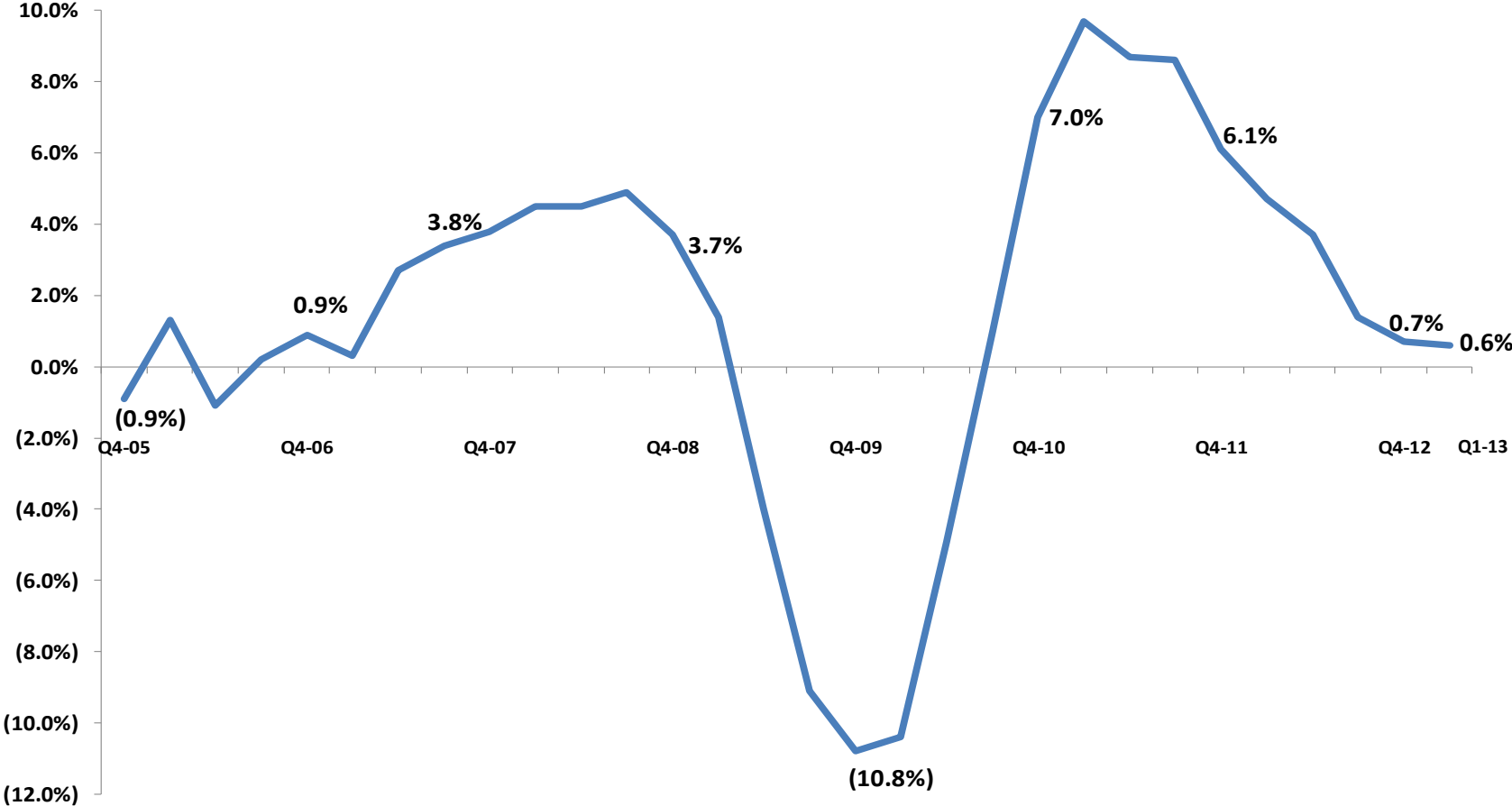
Geographic Revenue Change

	Three Months Ended March 31, 2013	
	Total	Organic
United States	1.7%	0.5%
International	3.4%	4.9%
United Kingdom	10.5%	10.1%
Continental Europe	(4.7%)	(5.8%)
Asia Pacific	2.9%	4.3%
Latin America	8.8%	16.1%
All Other Markets	4.9%	9.1%
Worldwide	2.4%	2.3%

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

Organic Revenue Growth

Trailing Twelve Months



Expenses

Salaries & Related

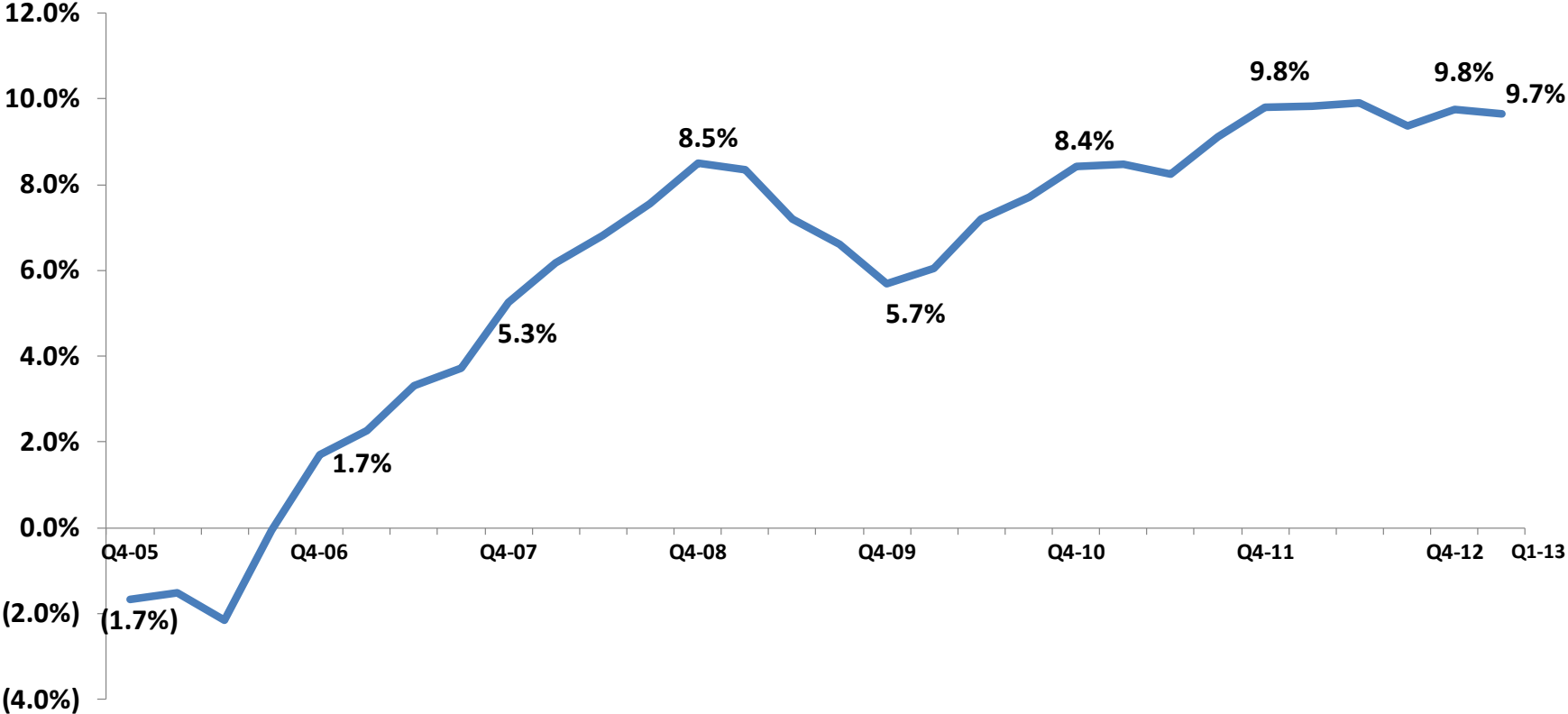
	2013		2012		Change			
	\$		\$		\$	Total	Organic	
Three Months Ended March 31,	\$	1,132.1	\$	1,104.9	\$	27.2	2.5%	2.2%
<i>% of Revenue</i>		73.4%		73.3%				
Three months severance	\$	26.1	\$	21.4	\$	4.7	22.0%	
<i>% of Revenue</i>		1.7%		1.4%				

Office & General

	2013		2012		Change			
	\$		\$		\$	Total	Organic	
Three Months Ended March 31,	\$	453.3	\$	441.3	\$	12.0	2.7%	3.4%
<i>% of Revenue</i>		29.4%		29.3%				
Three months occupancy expense (ex-D&A)	\$	122.6	\$	121.9	\$	0.7	0.6%	
<i>% of Revenue</i>		7.9%		8.1%				

Operating Margin

Trailing Twelve Months



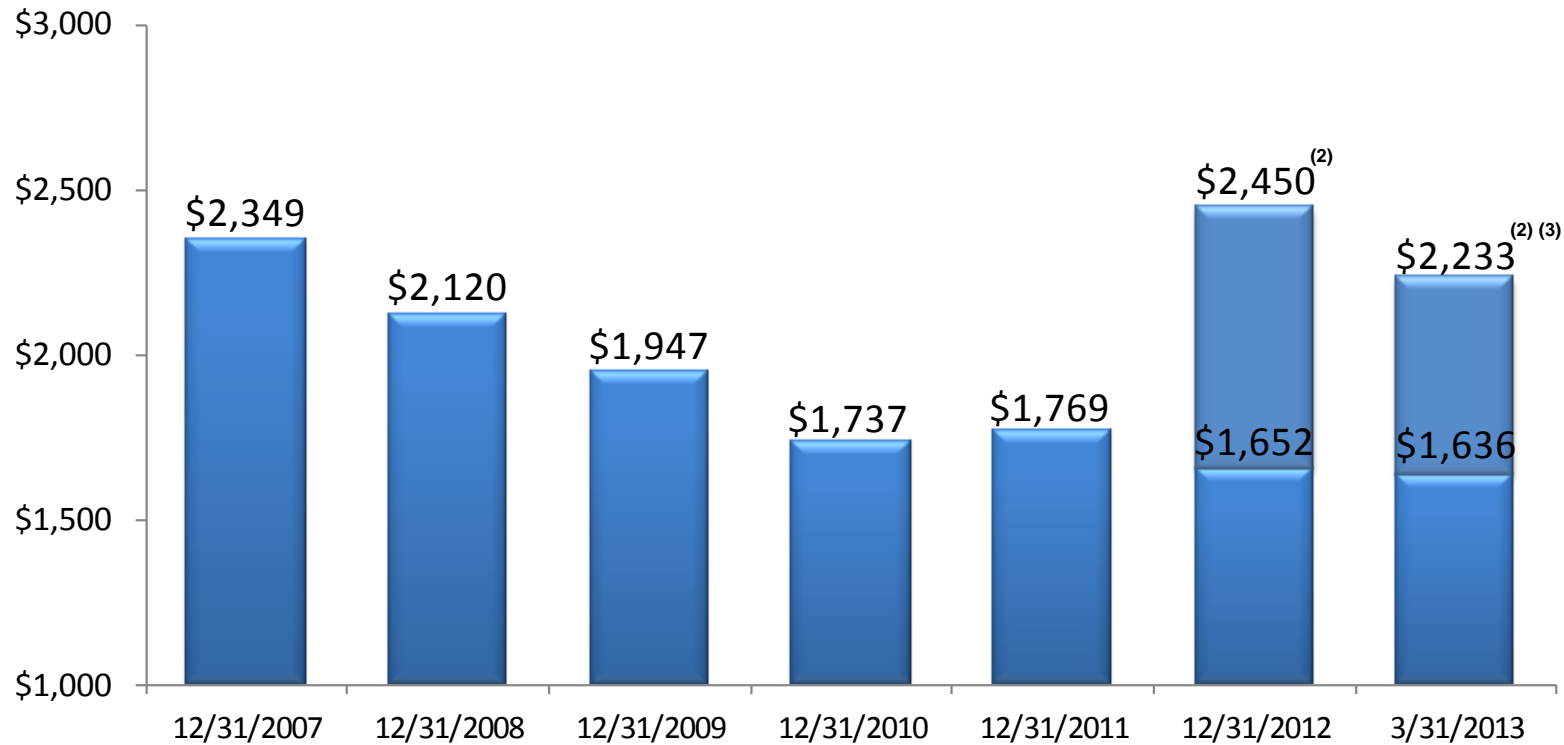
Balance Sheet – Current Portion

	March 31, 2013	December 31, 2012	March 31, 2012
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,645.7	\$ 2,574.8	\$ 1,573.1
Marketable securities	5.4	16.0	13.8
Accounts receivable, net	3,885.7	4,496.6	3,732.1
Expenditures billable to clients	1,511.4	1,318.8	1,447.3
Other current assets	400.0	332.1	346.2
Total current assets	\$ 7,448.2	\$ 8,738.3	\$ 7,112.5
CURRENT LIABILITIES:			
Accounts payable	\$ 5,650.2	\$ 6,584.8	\$ 5,929.1
Accrued liabilities	596.4	728.2	676.7
Short-term borrowings	159.7	172.1	161.5
Current portion of long-term debt	1.9	216.6	219.8
Total current liabilities	\$ 6,408.2	\$ 7,701.7	\$ 6,987.1

Cash Flow

	Three Months Ended March 31,	
	2013	2012
NET LOSS	\$ (59)	\$ (46)
OPERATING ACTIVITIES		
Depreciation & amortization	55	50
Deferred taxes	(50)	(52)
Other non-cash items	5	18
Change in working capital, net	(722)	(445)
Other non-current assets & liabilities	(4)	(23)
Net cash used in Operating Activities	(775)	(498)
INVESTING ACTIVITIES		
Acquisitions & deferred payments, net	(35)	(2)
Capital expenditures	(18)	(22)
Business & investment purchases/sales, net	2	3
Net cash used in Investing Activities ⁽¹⁾	(51)	(21)
FINANCING ACTIVITIES		
Purchase of long-term debt	-	(400)
Proceeds from issuance of long-term debt	-	247
Repurchase of common stock	(76)	(53)
Common stock dividends	(31)	(26)
Net (decrease) increase in short-term bank borrowings	(11)	4
Preferred stock dividends	(3)	(3)
Exercise of stock options	18	5
Other financing activities	(1)	(3)
Net cash used in Financing Activities	(104)	(229)
Currency Effect	(10)	19
Decrease in Cash & S/T Marketable Securities	\$ (940)	\$ (729)

Total Debt (1)



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

(2) Includes our November 2012 debt issuances of \$800 aggregate principal amount of Senior Notes, which pre-funded our plan to redeem a similar amount of debt in 2013.

(3) In March 2013, we retired \$200 aggregate principal amount of our 4.75% Convertible Senior Notes, primarily through conversion into IPG common stock.

Summary

- Q1 a solid start on our operating objectives for the year
- Improving new business results
- Continuing our expense discipline while making revenue-associated investments
- Driving further value creation through capital returns



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Appendix

Depreciation and Amortization

	2013				
	Q1				YTD 2013
Depreciation and amortization of fixed assets and intangible assets	\$ 38.2				\$ 38.2
Amortization of restricted stock and other non-cash compensation	15.5				15.5
Net amortization of bond discounts and deferred financing costs	1.4				1.4
	2012				
	Q1	Q2	Q3	Q4	FY 2012
Depreciation and amortization of fixed assets and intangible assets	\$ 34.6	\$ 36.8	\$ 37.4	\$ 38.9	\$ 147.7
Amortization of restricted stock and other non-cash compensation	16.7	12.7	8.3	6.8	44.5
Net amortization of bond (premiums) discounts and deferred financing costs	(1.7)	1.0	1.0	1.5	1.8

Reconciliation of Organic Measures

	Three Months Ended March 31, 2012	Components of Change			Three Months Ended March 31, 2013	Change	
		Foreign Currency	Net Acquisitions/ (Divestitures)	Organic		Organic	Total
Segment Revenue							
IAN	\$ 1,243.9	\$ (11.3)	\$ 10.3	\$ (1.8)	\$ 1,241.1	(0.1%)	(0.2%)
CMG	262.9	(0.9)	3.0	36.9	301.9	14.0%	14.8%
Total	<u>\$ 1,506.8</u>	<u>\$ (12.2)</u>	<u>\$ 13.3</u>	<u>\$ 35.1</u>	<u>\$ 1,543.0</u>	<u>2.3%</u>	<u>2.4%</u>
Geographic							
United States	\$ 879.7	\$ -	\$ 10.5	\$ 4.2	\$ 894.4	0.5%	1.7%
International	627.1	(12.2)	2.8	30.9	648.6	4.9%	3.4%
United Kingdom	125.2	(0.6)	1.1	12.7	138.4	10.1%	10.5%
Continental Europe	167.3	2.4	(0.5)	(9.7)	159.5	(5.8%)	(4.7%)
Asia Pacific	170.9	(4.5)	2.1	7.4	175.9	4.3%	2.9%
Latin America	79.3	(5.9)	0.1	12.8	86.3	16.1%	8.8%
All Other Markets	84.4	(3.6)	-	7.7	88.5	9.1%	4.9%
Worldwide	<u>\$ 1,506.8</u>	<u>\$ (12.2)</u>	<u>\$ 13.3</u>	<u>\$ 35.1</u>	<u>\$ 1,543.0</u>	<u>2.3%</u>	<u>2.4%</u>
Expenses							
Salaries & Related	\$ 1,104.9	\$ (7.2)	\$ 9.8	\$ 24.6	\$ 1,132.1	2.2%	2.5%
Office & General	441.3	(5.1)	2.0	15.1	453.3	3.4%	2.7%
Total	<u>\$ 1,546.2</u>	<u>\$ (12.3)</u>	<u>\$ 11.8</u>	<u>\$ 39.7</u>	<u>\$ 1,585.4</u>	<u>2.6%</u>	<u>2.5%</u>

Reconciliation of Organic Revenue Growth

Last Twelve Months Ending	Beginning of Period Revenue	Components of Change During the Period			End of Period Revenue
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic	
12/31/05	\$ 6,387.0	\$ 40.4	\$ (107.4)	\$ (56.2)	\$ 6,263.8
3/31/06	6,323.8	(10.9)	(132.6)	81.5	6,261.8
6/30/06	6,418.4	(8.8)	(157.5)	(68.5)	6,183.6
9/30/06	6,335.9	(13.9)	(140.4)	15.6	6,197.2
12/31/06	6,263.8	20.7	(165.5)	57.8	6,176.8
3/31/07	6,261.8	78.4	(147.2)	16.0	6,209.0
6/30/07	6,183.6	102.4	(124.7)	166.6	6,327.9
9/30/07	6,197.2	137.3	(110.9)	209.2	6,432.8
12/31/07	6,176.8	197.5	(70.7)	233.1	6,536.7
3/31/08	6,209.0	217.8	(45.9)	280.6	6,661.5
6/30/08	6,327.9	244.8	(12.6)	282.4	6,842.5
9/30/08	6,432.8	237.4	32.8	317.2	7,020.2
12/31/08	6,536.7	71.5	87.6	243.0	6,938.8
3/31/09	6,661.5	(88.3)	114.7	91.9	6,779.8
6/30/09	6,842.5	(286.2)	139.2	(275.3)	6,420.2
9/30/09	7,020.2	(390.1)	115.2	(636.4)	6,108.9
12/31/09	6,938.8	(251.6)	69.1	(748.9)	6,007.4
3/31/10	6,779.8	(88.2)	36.0	(705.4)	6,022.2
6/30/10	6,420.2	59.1	2.0	(316.9)	6,164.4
9/30/10	6,108.9	117.7	9.6	60.1	6,296.3
12/31/10	6,007.4	63.3	17.0	419.6	6,507.3
3/31/11	6,022.2	21.0	18.2	583.7	6,645.1
6/30/11	6,164.4	61.5	12.4	535.8	6,774.1
9/30/11	6,296.3	119.1	(7.7)	539.5	6,947.2
12/31/11	6,507.3	122.2	(8.6)	393.7	7,014.6
3/31/12	6,645.1	92.9	(1.4)	310.0	7,046.6
6/30/12	6,774.1	(14.3)	14.5	247.3	7,021.6
9/30/12	6,947.2	(117.2)	39.7	95.8	6,965.5
12/31/12	7,014.6	(147.6)	41.8	47.4	6,956.2
3/31/13	7,046.6	(143.7)	48.2	41.3	6,992.4

Reconciliation of Investing Cash Flow

	Three Months Ended March 31,	
	2013	2012
INVESTING ACTIVITIES		
Cash used in Investing Activities per presentation	\$ (51)	\$ (21)
Purchase, sale and maturities of short-term marketable securities, net	11	-
Cash used in Investing Activities as reported	\$ (40)	\$ (21)



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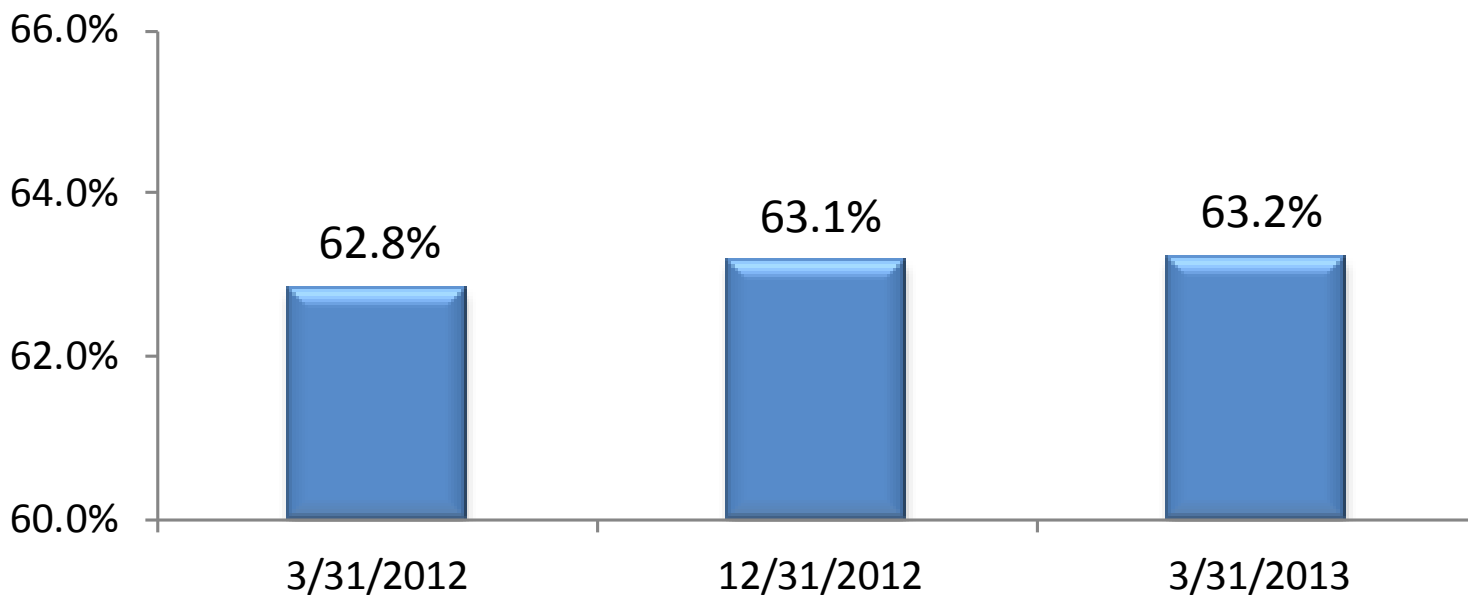
Metrics Update

Metrics Update

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

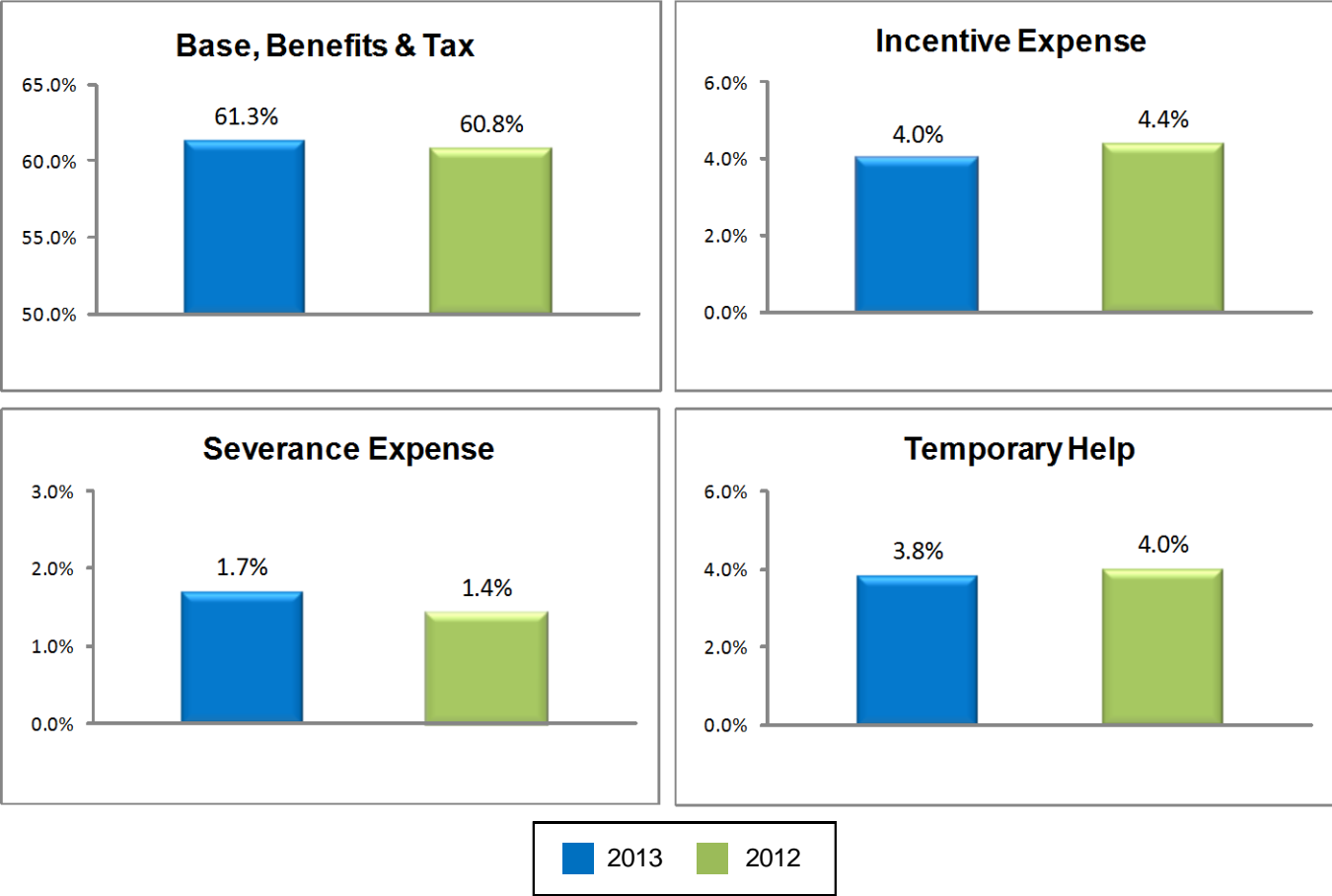
Salaries & Related Expenses

% of Revenue, Trailing Twelve Months



Salaries & Related Expenses (% of Revenue)

Three Months Ended March 31

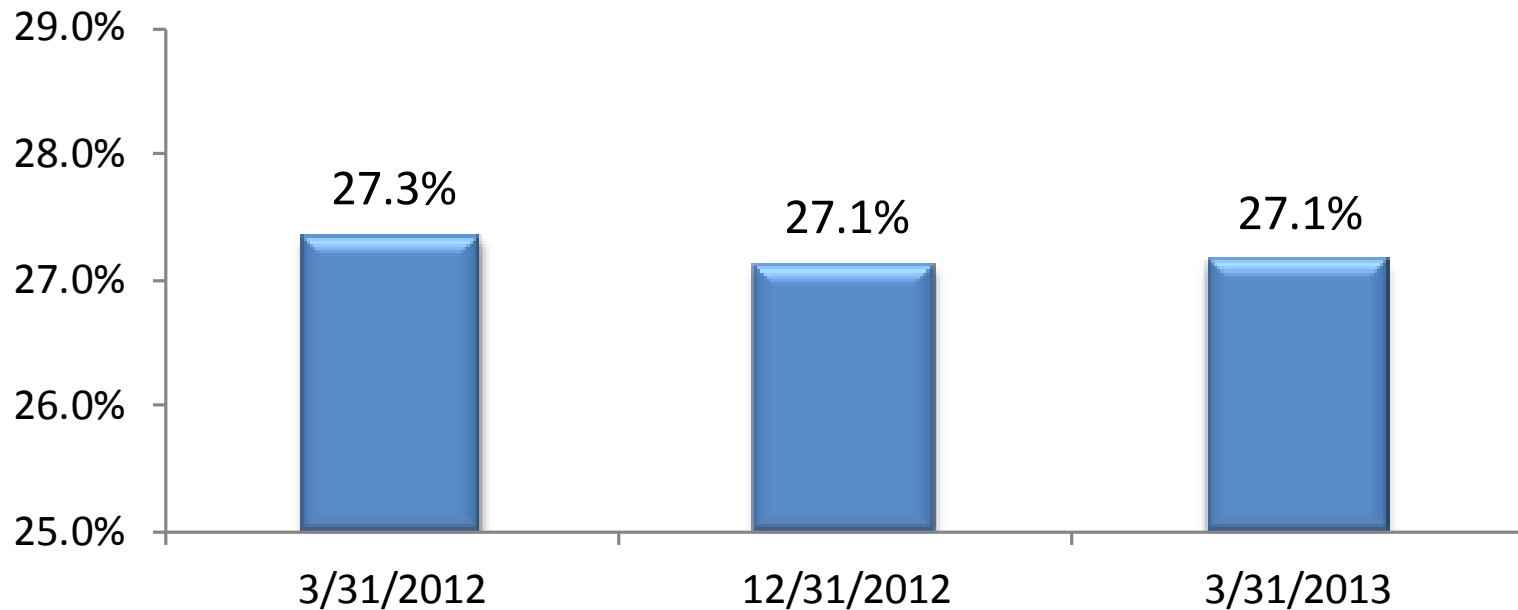


“All Other Salaries & Related,” not shown, was 2.6% and 2.7% for the three months ended March 31, 2013 and 2012, respectively.



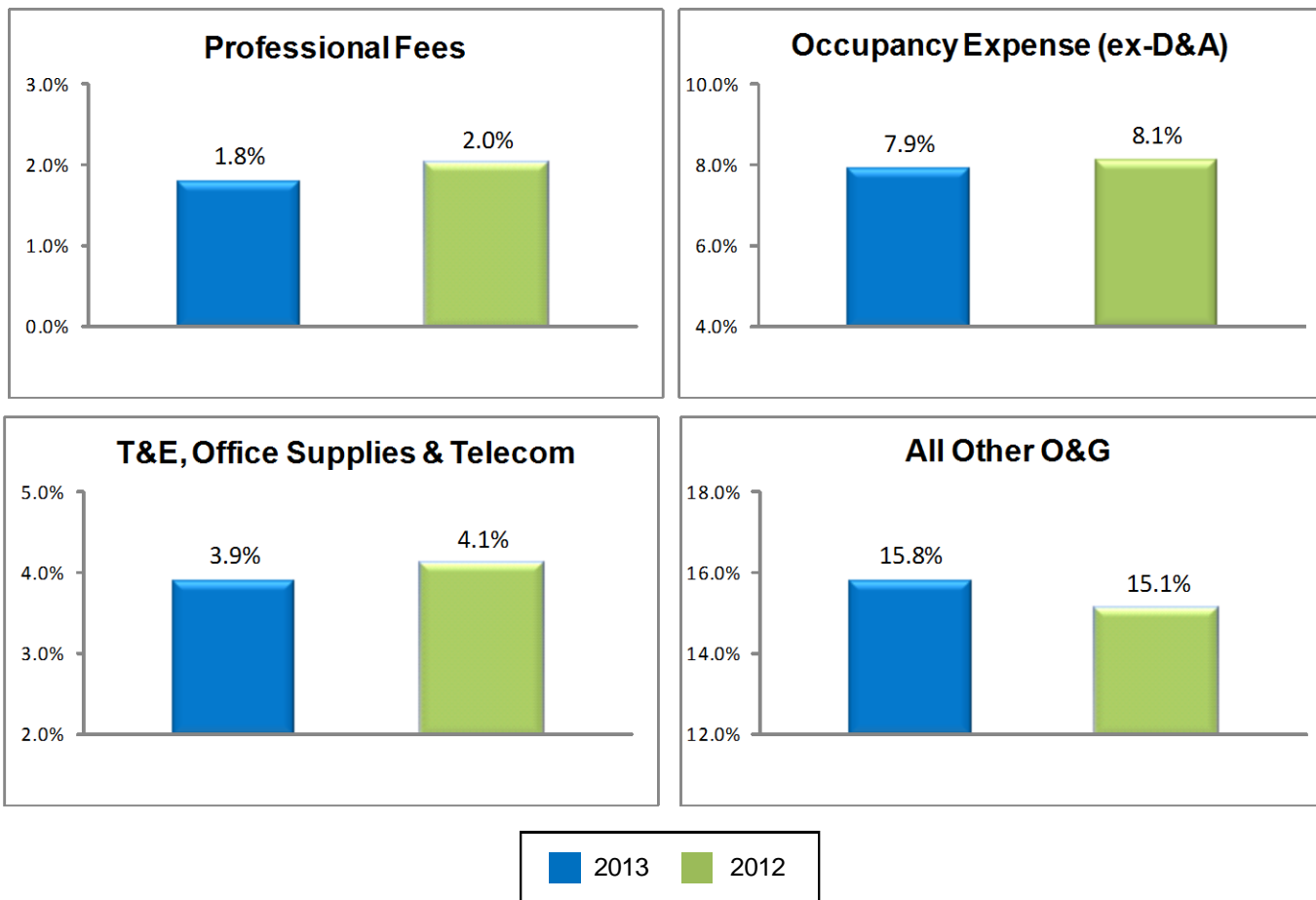
Office & General Expenses

% of Revenue, Trailing Twelve Months



Office & General Expenses (% of Revenue)

Three Months Ended March 31

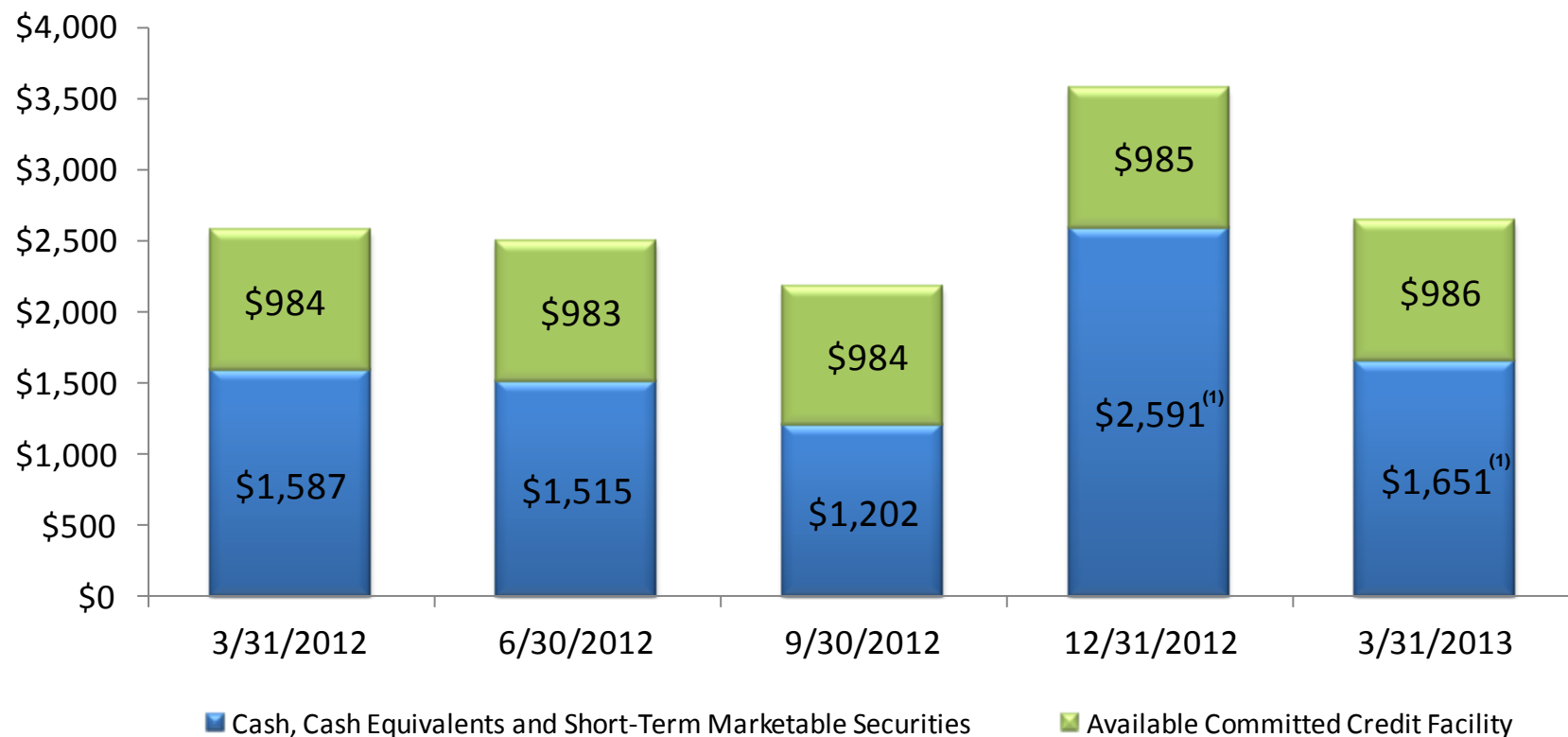


Page 23 "All Other O&G" includes production expenses, depreciation and amortization, bad debt expense, foreign currency gains (losses), restructuring and other reorganization-related charges (reversals), long-lived asset impairment and other expenses.



Available Liquidity

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



⁽¹⁾ Includes net proceeds from our November 2012 debt issuances of \$800 aggregate principal amount of Senior Notes, which pre-funded our plan to address our capital structure in 2013.

\$1.0 Billion 5-Year Credit Facility Covenants

<u>Covenants</u>	<u>Last Twelve Months Ending March 31, 2013</u>
I. Interest Coverage Ratio (not less than):	5.00x
Actual Interest Coverage Ratio:	7.78x
II. Leverage Ratio (not greater than):	2.75x
Actual Leverage Ratio:	1.88x ⁽¹⁾
<u>Interest Coverage Ratio - Interest Expense Reconciliation</u>	<u>Last Twelve Months Ending March 31, 2013</u>
Interest Expense:	\$137.7
- Interest income	27.9
- Other	9.5
+ Preferred stock dividends	11.6
Net interest expense as defined:	<u>\$111.9</u>
<u>EBITDA Reconciliation</u>	<u>Last Twelve Months Ending March 31, 2013</u>
Operating Income:	\$675.3
+ Depreciation and amortization	194.5
+ Other non-cash charges	0.7
EBITDA as defined:	<u>\$870.5</u>

⁽¹⁾ In November 2012, we entered into an amendment to our Credit Agreement that modified the definition of debt for our financial covenants. As a result of this amendment, the Senior Notes we issued in November 2012 do not have an impact on our financial covenants until August 15, 2013, unless and to the extent the 4.75% Notes or the 10.00% Notes are retired prior to that date. We retired the 4.75% Notes in the first quarter for 2013.

Cautionary Statement

This investor presentation contains forward-looking statements. Statements in this investor presentation that are not historical facts, including statements about management's beliefs and expectations, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined in our most recent Annual Report on Form 10-K under Item 1A, Risk Factors. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, the following:

- potential effects of a challenging economy, for example, on the demand for our advertising and marketing services, on our clients' financial condition and on our business or financial condition;
- our ability to attract new clients and retain existing clients;
- our ability to retain and attract key employees;
- risks associated with assumptions we make in connection with our critical accounting estimates, including changes in assumptions associated with any effects of a weakened economy;
- potential adverse effects if we are required to recognize impairment charges or other adverse accounting-related developments;
- risks associated with the effects of global, national and regional economic and political conditions, including counterparty risks and fluctuations in economic growth rates, interest rates and currency exchange rates; and
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world.

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