



Interpublic Group

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# **SECOND QUARTER 2017 EARNINGS CONFERENCE CALL**

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July 25, 2017

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# Overview – Second Quarter 2017

- Total revenue change was -1.7%; organic revenue growth was +0.4%, and was 1.0% excluding the impact of lower pass-through revenue
  - U.S. organic growth was +0.7%, and was +1.7% excluding lower pass-through revenue
  - International organic change was flat
- Operating income was \$207 million compared with \$224 million
- Operating margin was 11.0% compared with 11.7%, bringing H1 operating margin to 6.5% compared with 6.8% in 2016
- Diluted EPS was \$0.24, and was \$0.27 as adjusted for below-the-line business dispositions, compared with \$0.38 reported and \$0.33 adjusted diluted EPS in Q2-16

# Operating Performance

	Three Months Ended June 30,	
	2017	2016
<b>Revenue</b>	\$ 1,884.9	\$ 1,917.9
Salaries and Related Expenses <sup>(1)</sup>	1,239.3	1,229.5
Office and General Expenses	439.1	464.1
<b>Operating Income</b>	206.5	224.3
Interest Expense	(25.7)	(24.5)
Interest Income	4.7	5.6
Other (Expense) Income, net <sup>(1)</sup>	(15.4)	0.4
<b>Income Before Income Taxes</b>	170.1	205.8
Provision for Income Taxes	75.4	43.7
Equity in Net Loss of Unconsolidated Affiliates	(0.1)	(1.9)
<b>Net Income</b>	94.6	160.2
Net Loss (Income) Attributable to Noncontrolling Interests	0.1	(3.3)
<b>Net Income Available to IPG Common Stockholders</b>	\$ 94.7	\$ 156.9

## Earnings per Share Available to IPG Common Stockholders:

Basic	\$ 0.24	\$ 0.39
Diluted	\$ 0.24	\$ 0.38

## Weighted-Average Number of Common Shares Outstanding:

Basic	392.3	400.1
Diluted	400.3	409.8

<b>Dividends Declared per Common Share</b>	\$ 0.18	\$ 0.15
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<sup>(1)</sup> As part of the adoption of FASB ASU 2017-07, we have reclassified a portion of postretirement costs/(benefits) from Salaries and Related Expenses to Other (Expense) Income, net. The amounts reclassified were \$0.8 and (\$0.5) for the three months ended June 30, 2017 and 2016, respectively.

# Revenue

	Three Months Ended		Six Months Ended	
	\$	% Change	\$	% Change
<b>June 30, 2016</b>	<b>\$ 1,917.9</b>		<b>\$ 3,659.9</b>	
Total change	(33.0)	(1.7%)	(21.1)	(0.6%)
Foreign currency	(21.3)	(1.1%)	(38.4)	(1.0%)
Net acquisitions/(divestitures)	(19.4)	(1.0%)	(36.6)	(1.1%)
Organic	7.7	0.4%	53.9	1.5%
<b>June 30, 2017</b>	<b>\$ 1,884.9</b>		<b>\$ 3,638.8</b>	

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change				Change	
	2017	2016	Total	Organic	2017	2016	Total	Organic
<b>IAN</b>	\$ 1,537.8	\$ 1,548.5	(0.7%)	1.0%	\$ 2,945.4	\$ 2,950.1	(0.2%)	1.6%
<b>CMG</b>	\$ 347.1	\$ 369.4	(6.0%)	(2.2%)	\$ 693.4	\$ 709.8	(2.3%)	1.0%

Integrated Agency Networks (“IAN”): McCann Worldgroup, FCB (Foote, Cone & Belding), MullenLowe Group, IPG Mediabrands, our digital specialist agencies and our domestic integrated agencies  
 Constituency Management Group (“CMG”): Weber Shandwick, Golin, Jack Morton, FutureBrand, Octagon and our other marketing service specialists

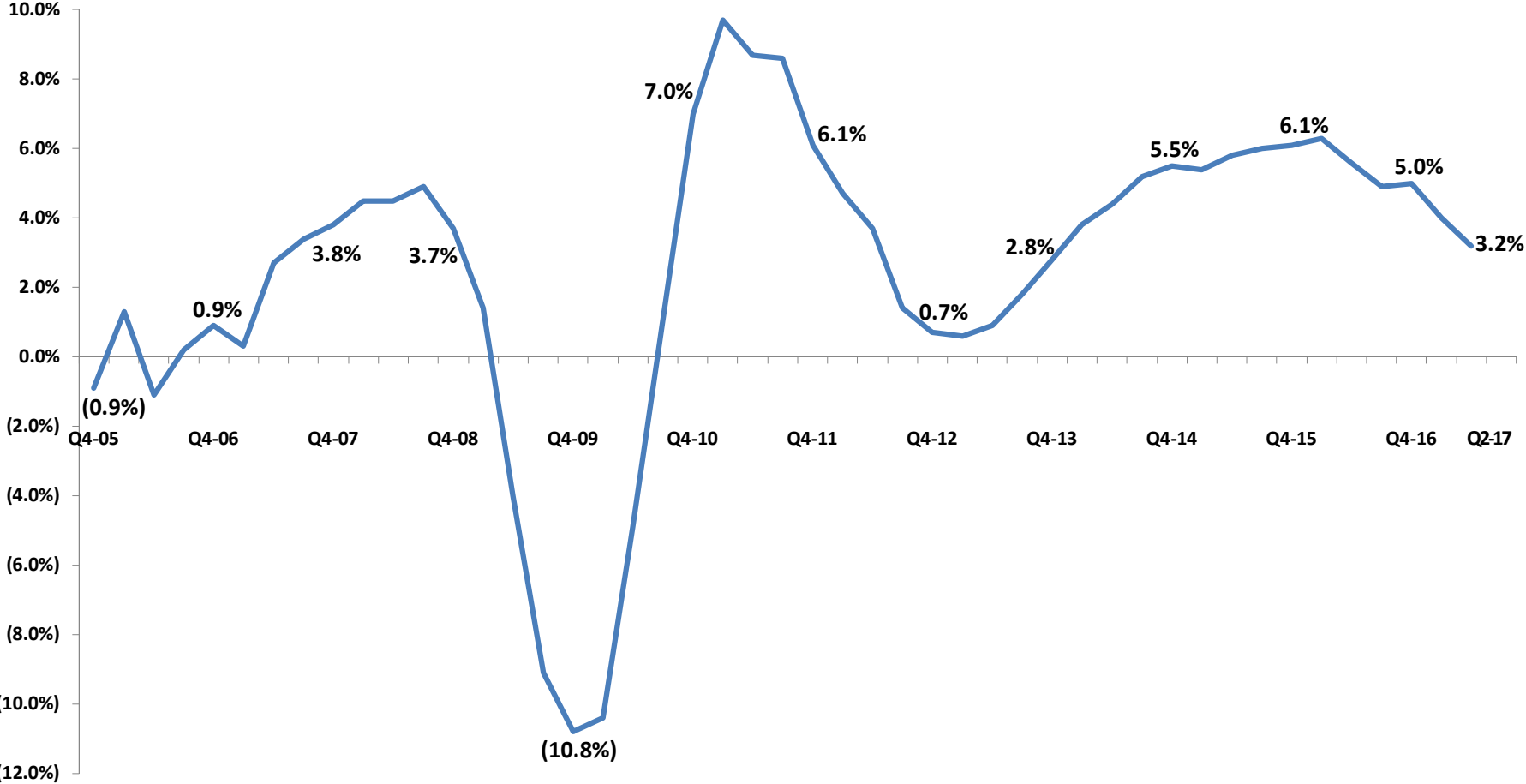
# Geographic Revenue Change

	Three Months Ended June 30, 2017		Six Months Ended June 30, 2017	
	Total	Organic	Total	Organic
United States	(0.7%)	0.7%	0.5%	1.7%
International	(3.3%)	0.0%	(2.4%)	1.0%
United Kingdom	(5.7%)	1.9%	(8.1%)	1.0%
Continental Europe	(7.4%)	(2.5%)	(4.4%)	1.7%
Asia Pacific	(1.4%)	(1.1%)	(1.6%)	(1.9%)
Latin America	(3.5%)	0.0%	0.1%	1.6%
All Other Markets	2.9%	3.2%	6.4%	5.2%
<b>Worldwide</b>	<b>(1.7%)</b>	<b>0.4%</b>	<b>(0.6%)</b>	<b>1.5%</b>

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

# Organic Revenue Growth

## Trailing Twelve Months



# Operating Expenses

## Salaries & Related

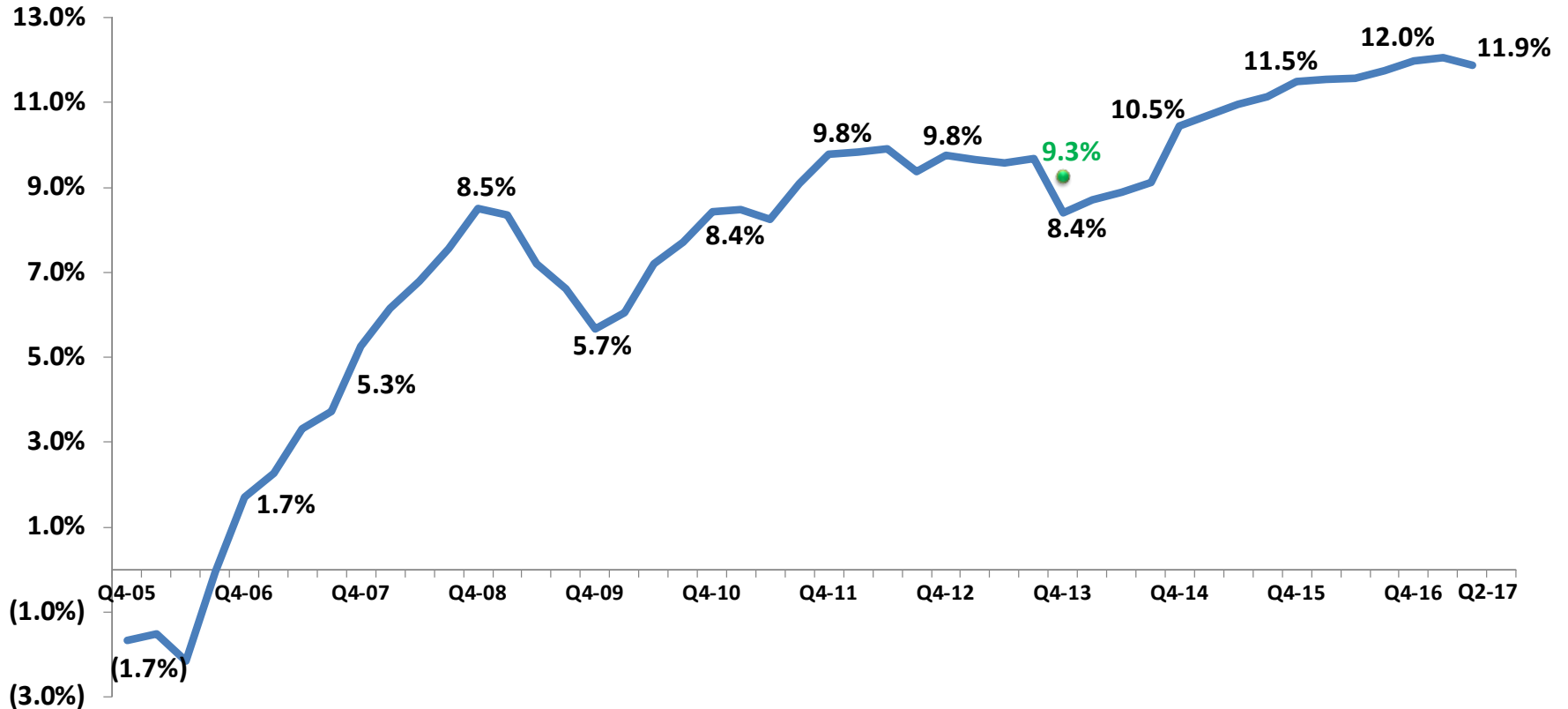
	2017	2016	Change		
			\$	Total	Organic
Three Months Ended June 30, <i>% of Revenue</i>	\$ 1,239.3 65.7%	\$ 1,229.5 64.1%	\$ 9.8	0.8%	3.1%
Six Months Ended June 30, <i>% of Revenue</i>	\$ 2,514.7 69.1%	\$ 2,498.3 68.3%	\$ 16.4	0.7%	3.0%

## Office & General

	2017	2016	Change		
			\$	Total	Organic
Three Months Ended June 30, <i>% of Revenue</i>	\$ 439.1 23.3%	\$ 464.1 24.2%	\$ (25.0)	(5.4%)	(2.7%)
Six Months Ended June 30, <i>% of Revenue</i>	\$ 887.9 24.4%	\$ 914.3 25.0%	\$ (26.4)	(2.9%)	(0.2%)

# Operating Margin

## Trailing Twelve Months



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



# Adjusted Diluted Earnings Per Share

	Three Months Ended June 30, 2017		
	As Reported	Net Losses on Sales of Businesses <sup>(1)</sup>	Adjusted Results
Income Before Income Taxes	\$ 170.1	\$ (13.1)	\$ 183.2
Provision for Income Taxes	75.4		75.4
<b>Effective Tax Rate</b>	<b>44.3%</b>		<b>41.2%</b>
<b><u>Diluted EPS Components:</u></b>			
Net Income Available to IPG Common Stockholders	\$ 94.7	\$ (13.1)	\$ 107.8
Weighted-Average Number of Common Shares Outstanding	400.3		400.3
<b>Earnings Per Share Available to IPG Common Stockholders</b>	<b>\$ 0.24</b>	<b>\$ (0.03)</b>	<b>\$ 0.27</b>

	Six Months Ended June 30, 2017		
	As Reported	Net Losses on Sales of Businesses <sup>(1)</sup>	Adjusted Results
Income Before Income Taxes	\$ 184.9	\$ (12.2)	\$ 197.1
Provision for Income Taxes	73.3		73.3
<b>Effective Tax Rate</b>	<b>39.6%</b>		<b>37.2%</b>
<b><u>Diluted EPS Components:</u></b>			
Net Income Available to IPG Common Stockholders	\$ 116.2	\$ (12.2)	\$ 128.4
Weighted-Average Number of Common Shares Outstanding	399.6		399.6
<b>Earnings Per Share Available to IPG Common Stockholders</b>	<b>\$ 0.29</b>	<b>\$ (0.03)</b>	<b>\$ 0.32</b>

Page 9 <sup>(1)</sup> During the six months ended June 30, 2017, we recorded net losses on sales of businesses, primarily in our international markets. See full reconciliation of adjusted non-GAAP diluted earnings per share on page 21.

(Amounts in Millions, except per share amounts)



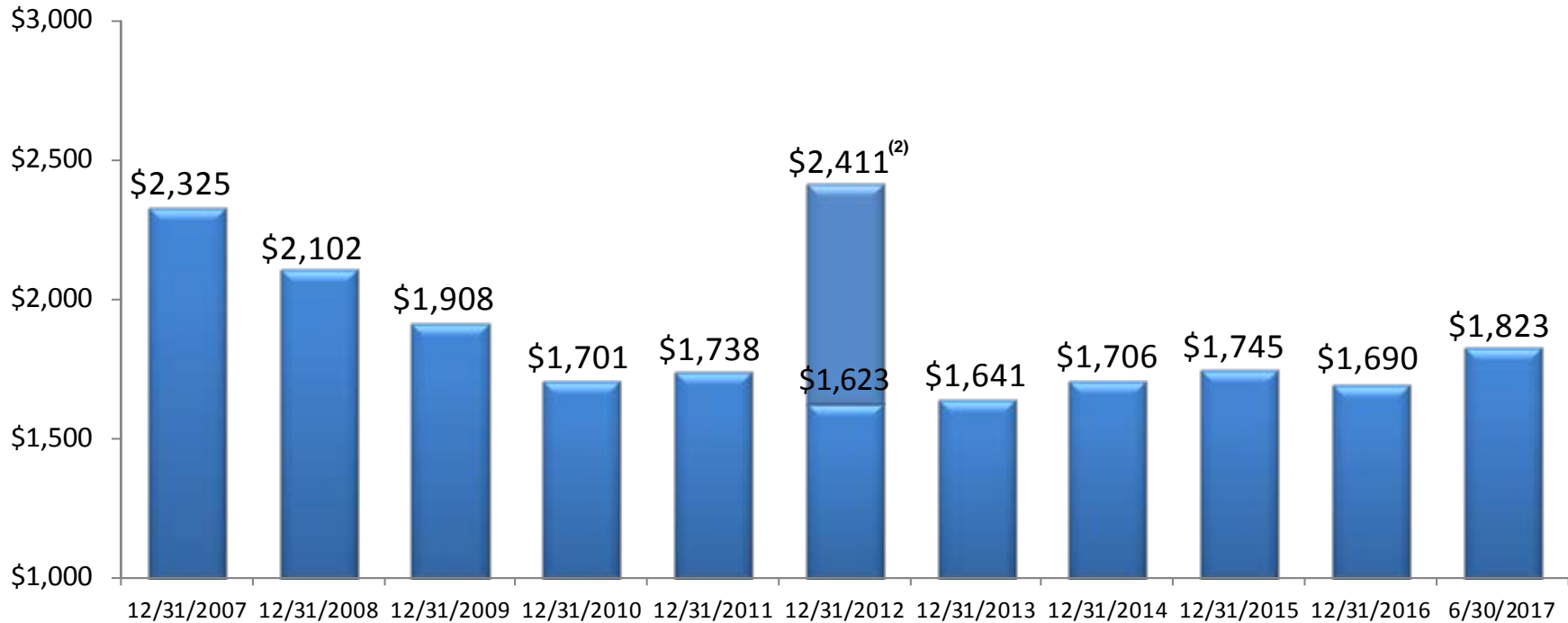
# Cash Flow

	Three Months Ended June 30,	
	2017	2016
<b>NET INCOME</b>	\$ 95	\$ 160
<b>OPERATING ACTIVITIES</b>		
Depreciation & amortization	59	57
Deferred taxes	16	24
Net losses on sales of businesses	13	4
Other non-cash items	6	7
Change in working capital, net	25	(121)
Change in other non-current assets & liabilities	5	(31)
<b>Net cash provided by Operating Activities</b>	<b>219</b>	<b>100</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(44)	(36)
Acquisitions, net of cash acquired	(10)	(7)
Other investing activities	(9)	1
<b>Net cash used in Investing Activities</b>	<b>(63)</b>	<b>(42)</b>
<b>FINANCING ACTIVITIES</b>		
Net (decrease) increase in short-term borrowings	(71)	75
Common stock dividends	(70)	(60)
Repurchase of common stock	(60)	(59)
Acquisition-related payments	(36)	(29)
Repayment of long-term debt	(24)	(1)
Distributions to noncontrolling interests	(5)	(3)
Tax payments for employee shares withheld	(1)	(3)
Exercise of stock options	4	6
Other financing activities	-	1
<b>Net cash used in Financing Activities</b>	<b>(263)</b>	<b>(73)</b>
Currency Effect	(12)	16
<b>(Decrease) Increase in Cash, Cash Equivalents and Restricted Cash</b>	<b>\$ (119)</b>	<b>\$ 1</b>

# Balance Sheet – Current Portion

	June 30, 2017	December 31, 2016	June 30, 2016
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 657.6	\$ 1,097.6	\$ 672.6
Marketable securities	3.2	3.0	2.8
Accounts receivable, net	3,762.2	4,389.7	3,945.0
Expenditures billable to clients	1,720.7	1,518.1	1,710.4
Assets held for sale	19.7	203.2	5.3
Other current assets	323.1	226.4	289.3
<b>Total current assets</b>	<b>\$ 6,486.5</b>	<b>\$ 7,438.0</b>	<b>\$ 6,625.4</b>
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 5,872.0	\$ 6,303.6	\$ 5,876.5
Accrued liabilities	513.1	794.0	583.1
Short-term borrowings	237.7	85.7	192.9
Current portion of long-term debt <sup>(1)</sup>	301.7	323.9	24.5
Liabilities held for sale	21.7	198.8	5.3
<b>Total current liabilities</b>	<b>\$ 6,946.2</b>	<b>\$ 7,706.0</b>	<b>\$ 6,682.3</b>

# 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.

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# Summary

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- Foundation for sustained value creation in top talent and key strategic initiatives
  - Quality of our agency offerings
  - Embedded digital & digital specialists
  - “Open architecture” solutions
- Effective expense management continues
- Focus is on continued growth and margin improvement
- Financial strength continues to be a source of value creation



Interpublic Group

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# Appendix

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# Operating Performance

	Six Months Ended June 30,	
	2017	2016
<i>Revenue</i>	\$ 3,638.8	\$ 3,659.9
Salaries and Related Expenses <sup>(1)</sup>	2,514.7	2,498.3
Office and General Expenses	887.9	914.3
<i>Operating Income</i>	236.2	247.3
Interest Expense	(46.6)	(47.1)
Interest Income	9.9	11.4
Other Expense, net <sup>(1)</sup>	(14.6)	(18.8)
<i>Income Before Income Taxes</i>	184.9	192.8
Provision for Income Taxes	73.3	28.1
Equity in Net Income (Loss) of Unconsolidated Affiliates	1.1	(1.8)
<i>Net Income</i>	112.7	162.9
Net Loss (Income) Attributable to Noncontrolling Interests	3.5	(0.6)
<i>Net Income Available to IPG Common Stockholders</i>	\$ 116.2	\$ 162.3

## *Earnings per Share Available to IPG Common Stockholders:*

Basic	\$ 0.30	\$ 0.41
Diluted	\$ 0.29	\$ 0.40

## *Weighted-Average Number of Common Shares Outstanding:*

Basic	392.0	400.4
Diluted	399.6	409.4

<i>Dividends Declared per Common Share</i>	\$ 0.36	\$ 0.30
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Page 15 <sup>(1)</sup> As part of the adoption of FASB ASU 2017-07, we have reclassified \$1.6 of postretirement costs from Salaries and Related Expenses to Other Expense, net in each period presented.

(Amounts in Millions, except per share amounts)



# Cash Flow

	Six Months Ended June 30,	
	2017	2016
<b>NET INCOME</b>	\$ 113	\$ 163
<b>OPERATING ACTIVITIES</b>		
Depreciation & amortization	131	120
Deferred taxes	2	(4)
Net losses on sales of businesses	12	20
Other non-cash items	19	36
Change in working capital, net	(414)	(816)
Change in other non-current assets & liabilities	(16)	(73)
<b>Net cash used in Operating Activities</b>	<b>(153)</b>	<b>(554)</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(69)	(63)
Acquisitions, net of cash acquired	(13)	(34)
Other investing activities	(14)	(5)
<b>Net cash used in Investing Activities</b>	<b>(96)</b>	<b>(102)</b>
<b>FINANCING ACTIVITIES</b>		
Common stock dividends	(141)	(120)
Repurchase of common stock	(115)	(113)
Tax payments for employee shares withheld	(38)	(23)
Acquisition-related payments	(36)	(29)
Repayment of long-term debt	(24)	(1)
Distributions to noncontrolling interests	(11)	(7)
Net increase in short-term borrowings	154	55
Exercise of stock options	12	10
Other financing activities	-	1
<b>Net cash used in Financing Activities</b>	<b>(199)</b>	<b>(227)</b>
Currency Effect	8	53
<b>Decrease in Cash, Cash Equivalents and Restricted Cash</b>	<b>\$ (440)</b>	<b>\$ (830)</b>



# Depreciation and Amortization

	2017				
	Q1	Q2	Q3	Q4	YTD 2017
Depreciation and amortization of fixed assets and intangible assets	\$ 41.0	\$ 41.3			\$ 82.3
Amortization of restricted stock and other non-cash compensation	29.7	16.3			46.0
Net amortization of bond discounts and deferred financing costs	1.4	1.4			2.8
	2016				
	Q1	Q2	Q3	Q4	FY 2016
Depreciation and amortization of fixed assets and intangible assets	\$ 38.0	\$ 39.8	\$ 39.7	\$ 42.7	\$ 160.2
Amortization of restricted stock and other non-cash compensation	23.1	16.8	19.1	26.6	85.6
Net amortization of bond discounts and deferred financing costs	1.4	1.4	1.4	1.4	5.6

# Reconciliation of Organic Measures

	Three Months Ended June 30, 2016	Components of Change			Three Months Ended June 30, 2017	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
<b>Segment Revenue</b>							
IAN	\$ 1,548.5	\$ (14.8)	\$ (11.8)	\$ 15.9	\$ 1,537.8	1.0%	(0.7%)
CMG	369.4	(6.5)	(7.6)	(8.2)	347.1	(2.2%)	(6.0%)
Total	<u>\$ 1,917.9</u>	<u>\$ (21.3)</u>	<u>\$ (19.4)</u>	<u>\$ 7.7</u>	<u>\$ 1,884.9</u>	<u>0.4%<sup>(1)</sup></u>	<u>(1.7%)</u>
<b>Geographic</b>							
United States	\$ 1,169.1	\$ -	\$ (16.5)	\$ 7.9	\$ 1,160.5	0.7% <sup>(2)</sup>	(0.7%)
International	748.8	(21.3)	(2.9)	(0.2)	724.4	0.0%	(3.3%)
United Kingdom	155.7	(17.6)	5.9	2.9	146.9	1.9%	(5.7%)
Continental Europe	172.9	(5.4)	(3.0)	(4.4)	160.1	(2.5%)	(7.4%)
Asia Pacific	217.7	(1.8)	1.1	(2.4)	214.6	(1.1%)	(1.4%)
Latin America	86.8	4.6	(7.6)	(0.0)	83.8	0.0%	(3.5%)
All Other Markets	115.7	(1.1)	0.7	3.7	119.0	3.2%	2.9%
Worldwide	<u>\$ 1,917.9</u>	<u>\$ (21.3)</u>	<u>\$ (19.4)</u>	<u>\$ 7.7</u>	<u>\$ 1,884.9</u>	<u>0.4%<sup>(1)</sup></u>	<u>(1.7%)</u>
<b>Expenses</b>							
Salaries & Related	\$ 1,229.5	\$ (15.4)	\$ (12.4)	\$ 37.6	\$ 1,239.3	3.1%	0.8%
Office & General	464.1	(5.6)	(7.1)	(12.3)	439.1	(2.7%)	(5.4%)
Total	<u>\$ 1,693.6</u>	<u>\$ (21.0)</u>	<u>\$ (19.5)</u>	<u>\$ 25.3</u>	<u>\$ 1,678.4</u>	<u>1.5%</u>	<u>(0.9%)</u>

(1) Excluding the decrease in worldwide organic pass-through revenue of \$11.2, the organic revenue change would have been \$18.9, resulting in worldwide organic growth of 1.0%.

(2) Excluding the decrease in organic pass-through revenue of \$11.5 in the U.S., the organic revenue change in the U.S. would have been \$19.4, resulting in U.S. organic growth of 1.7%.

# Reconciliation of Organic Measures

	Six Months Ended June 30, 2016	Components of Change			Six Months Ended June 30, 2017	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
<b>Segment Revenue</b>							
IAN	\$ 2,950.1	\$ (24.6)	\$ (26.7)	\$ 46.6	\$ 2,945.4	1.6%	(0.2%)
CMG	709.8	(13.8)	(9.9)	7.3	693.4	1.0%	(2.3%)
Total	<u>\$ 3,659.9</u>	<u>\$ (38.4)</u>	<u>\$ (36.6)</u>	<u>\$ 53.9</u>	<u>\$ 3,638.8</u>	<u>1.5%<sup>(1)</sup></u>	<u>(0.6%)</u>
<b>Geographic</b>							
United States	\$ 2,260.3	\$ -	\$ (27.5)	\$ 39.5	\$ 2,272.3	1.7% <sup>(2)</sup>	0.5%
International	1,399.6	(38.4)	(9.1)	14.4	1,366.5	1.0%	(2.4%)
United Kingdom	321.3	(40.2)	11.1	3.2	295.4	1.0%	(8.1%)
Continental Europe	320.5	(10.3)	(9.3)	5.5	306.4	1.7%	(4.4%)
Asia Pacific	399.8	(1.5)	2.6	(7.4)	393.5	(1.9%)	(1.6%)
Latin America	152.1	11.9	(14.2)	2.4	152.2	1.6%	0.1%
All Other Markets	205.9	1.7	0.7	10.7	219.0	5.2%	6.4%
Worldwide	<u>\$ 3,659.9</u>	<u>\$ (38.4)</u>	<u>\$ (36.6)</u>	<u>\$ 53.9</u>	<u>\$ 3,638.8</u>	<u>1.5%<sup>(1)</sup></u>	<u>(0.6%)</u>
<b>Expenses</b>							
Salaries & Related	\$ 2,498.3	\$ (29.2)	\$ (28.4)	\$ 74.0	\$ 2,514.7	3.0%	0.7%
Office & General	914.3	(10.6)	(14.0)	(1.8)	887.9	(0.2%)	(2.9%)
Total	<u>\$ 3,412.6</u>	<u>\$ (39.8)</u>	<u>\$ (42.4)</u>	<u>\$ 72.2</u>	<u>\$ 3,402.6</u>	<u>2.1%</u>	<u>(0.3%)</u>

(1) Excluding the decrease in worldwide organic pass-through revenue of \$8.1, the organic revenue change would have been \$62.0, resulting in worldwide organic growth of 1.7%.

(2) Excluding the decrease in organic pass-through revenue of \$1.2 in the U.S., the organic revenue change in the U.S. would have been \$40.7, resulting in U.S. organic growth of 1.8%.

# 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
6/30/13	7,021.6	(111.4)	56.9	65.8	7,032.9
9/30/13	6,965.5	(80.3)	49.5	128.2	7,062.9
12/31/13	6,956.2	(80.4)	50.3	196.2	7,122.3
3/31/14	6,992.4	(89.9)	51.2	263.1	7,216.8
6/30/14	7,032.9	(80.6)	51.6	308.1	7,312.0
9/30/14	7,062.9	(53.5)	74.3	369.0	7,452.7
12/31/14	7,122.3	(75.5)	95.3	395.0	7,537.1
3/31/15	7,216.8	(125.7)	98.4	386.1	7,575.6
6/30/15	7,312.0	(223.5)	85.3	426.5	7,600.3
9/30/15	7,452.7	(336.2)	58.3	449.9	7,624.7
12/31/15	7,537.1	(408.5)	23.7	461.5	7,613.8
3/31/16	7,575.6	(388.5)	11.9	480.8	7,679.8
6/30/16	7,600.3	(315.6)	10.8	426.1	7,721.6
9/30/16	7,624.7	(237.5)	16.4	374.7	7,778.3
12/31/16	7,613.8	(159.7)	15.3	377.2	7,846.6
3/31/17	7,679.8	(124.9)	(7.4)	311.0	7,858.5
6/30/17	7,721.6	(113.2)	(32.9)	250.0	7,825.5



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

	Three Months Ended June 30, 2017			Six Months Ended June 30, 2017		
	As Reported	Net Losses on Sales of Businesses	Adjusted Results	As Reported	Net Losses on Sales of Businesses	Adjusted Results
Income Before Income Taxes	\$ 170.1	\$ (13.1)	\$ 183.2	\$ 184.9	\$ (12.2)	\$ 197.1
Provision for Income Taxes	75.4		75.4	73.3		73.3
Equity in Net (Loss) Income of Unconsolidated Affiliates	(0.1)		(0.1)	1.1		1.1
Net Loss Attributable to Noncontrolling Interests	0.1		0.1	3.5		3.5
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 94.7</b>	<b>\$ (13.1)</b>	<b>\$ 107.8</b>	<b>\$ 116.2</b>	<b>\$ (12.2)</b>	<b>\$ 128.4</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	392.3		392.3	392.0		392.0
Add: Effect of Dilutive Securities						
Restricted Stock, Stock Options and Other Equity Awards	8.0		8.0	7.6		7.6
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>400.3</b>		<b>400.3</b>	<b>399.6</b>		<b>399.6</b>
<b>Earnings Per Share Available to IPG Common Stockholders - Basic</b>	\$ 0.24	\$ (0.03)	\$ 0.27	\$ 0.30	\$ (0.03)	\$ 0.33
<b>Earnings Per Share Available to IPG Common Stockholders - Diluted</b>	\$ 0.24	\$ (0.03)	\$ 0.27	\$ 0.29	\$ (0.03)	\$ 0.32

- (1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the net losses on sales of businesses, primarily in our international markets. This amount includes losses on completed dispositions and the classification of certain assets as held for sale during 2017. Management believes the resulting comparisons provide useful supplemental data that, while not a substitute for GAAP measures, allow for greater transparency in the review of our financial and operational performance.

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

Three Months Ended June 30, 2016

	As Reported	Losses on Sales of Businesses	Settlement of Certain Tax Positions	Adjusted Results
Income Before Income Taxes	\$ 205.8	\$ (3.7)		\$ 209.5
Provision for Income Taxes	43.7		\$ 23.4	67.1
Equity in Net Loss of Unconsolidated Affiliates	(1.9)			(1.9)
Net Income Attributable to Noncontrolling Interests	(3.3)			(3.3)
<b>Net Income Available to IPG Common Stockholders</b>	<u>\$ 156.9</u>	<u>\$ (3.7)</u>	<u>\$ 23.4</u>	<u>\$ 137.2</u>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	400.1			400.1
Add: Effect of Dilutive Securities				
Restricted Stock, Stock Options and Other Equity Awards	9.7			9.7
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<u>409.8</u>			<u>409.8</u>
<b>Earnings Per Share Available to IPG Common Stockholders - Basic</b>	\$ 0.39	\$ (0.01)	\$ 0.06	\$ 0.34
<b>Earnings Per Share Available to IPG Common Stockholders - Diluted</b>	\$ 0.38	\$ (0.01)	\$ 0.06	\$ 0.33

(1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the losses on sales of businesses in our international markets, primarily in Continental Europe, and the release of reserves related to the conclusion and settlement of a tax examination of previous tax years. The losses on sales of businesses amount includes losses on completed dispositions and the classification of certain assets as held for sale during the second quarter of 2016. The effect of the adoption of the Financial Accounting Standards Board Accounting Standards Update 2016-09, which was previously included in this table in 2016, has now been removed as the effect of the adoption is included in both periods presented within this presentation. Management believes the resulting comparisons provide useful supplemental data that, while not a substitute for GAAP measures, allow for greater transparency in the review of our financial and operational performance.

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

	Six Months Ended June 30, 2016				
	As Reported	Losses on Sales of Businesses	Valuation Allowance Reversals	Settlement of Certain Tax Positions	Adjusted Results
Income Before Income Taxes	\$ 192.8	\$ (20.0)			\$ 212.8
Provision for Income Taxes	28.1	0.4	\$ 12.2	\$ 23.4	64.1
Equity in Net Loss of Unconsolidated Affiliates	(1.8)				(1.8)
Net Income Attributable to Noncontrolling Interests	(0.6)				(0.6)
<b>Net Income Available to IPG Common Stockholders</b>	<u>\$ 162.3</u>	<u>\$ (19.6)</u>	<u>\$ 12.2</u>	<u>\$ 23.4</u>	<u>\$ 146.3</u>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	400.4				400.4
Add: Effect of Dilutive Securities					
Restricted Stock, Stock Options and Other Equity Awards	9.0				9.0
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<u>409.4</u>				<u>409.4</u>
<b>Earnings Per Share Available to IPG Common Stockholders - Basic</b>	\$ 0.41	\$ (0.05)	\$ 0.03	\$ 0.06	\$ 0.37
<b>Earnings Per Share Available to IPG Common Stockholders - Diluted</b>	\$ 0.40	\$ (0.05)	\$ 0.03	\$ 0.06	\$ 0.36

- (1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the losses on sales of businesses in our international markets, primarily in Continental Europe, valuation allowance reversals as a result of the disposition of those businesses in Continental Europe and the release of reserves related to the conclusion and settlement of a tax examination of previous tax years. The losses on sales of businesses amount includes losses on completed dispositions and the classification of certain assets as held for sale during the first half of 2016. The effect of the adoption of the Financial Accounting Standards Board Accounting Standards Update 2016-09, which was previously included in this table in 2016, has now been removed as the effect of the adoption is included in both periods presented within this presentation. Management believes the resulting comparisons provide useful supplemental data that, while not a substitute for GAAP measures, allow for greater transparency in the review of our financial and operational performance.



Interpublic Group

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# Metrics Update

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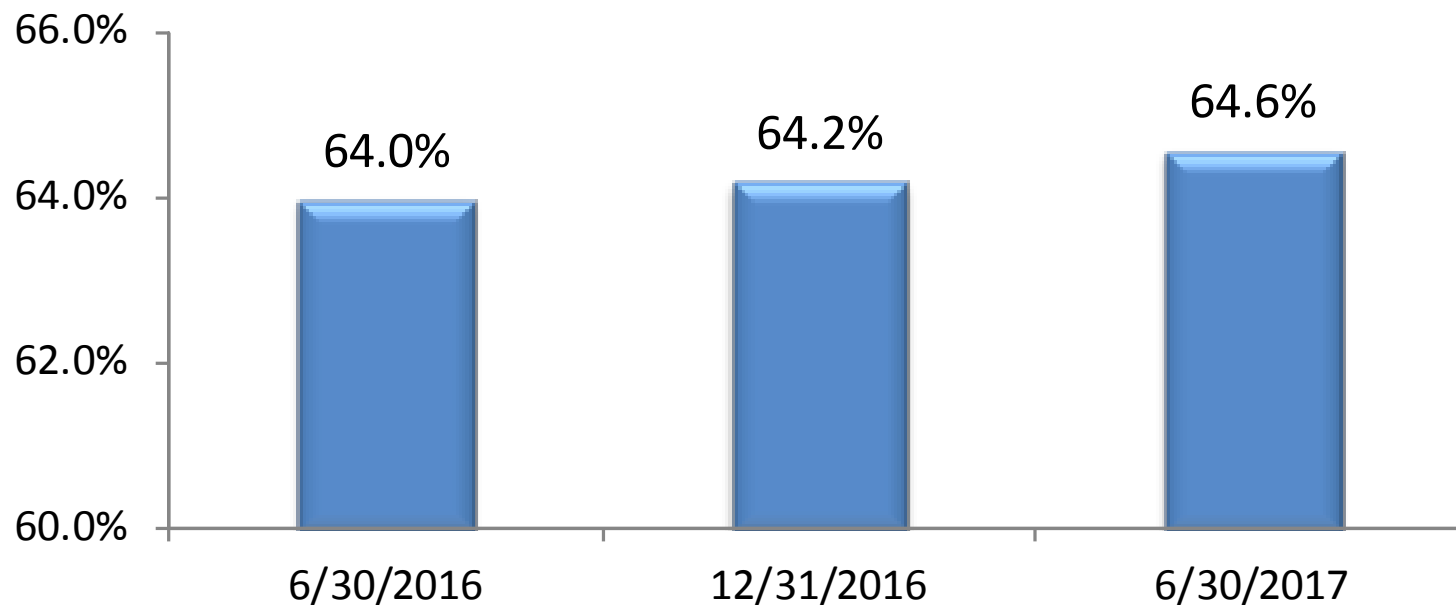


# Metrics Update

<b>Category</b>	<b>Metric</b>
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

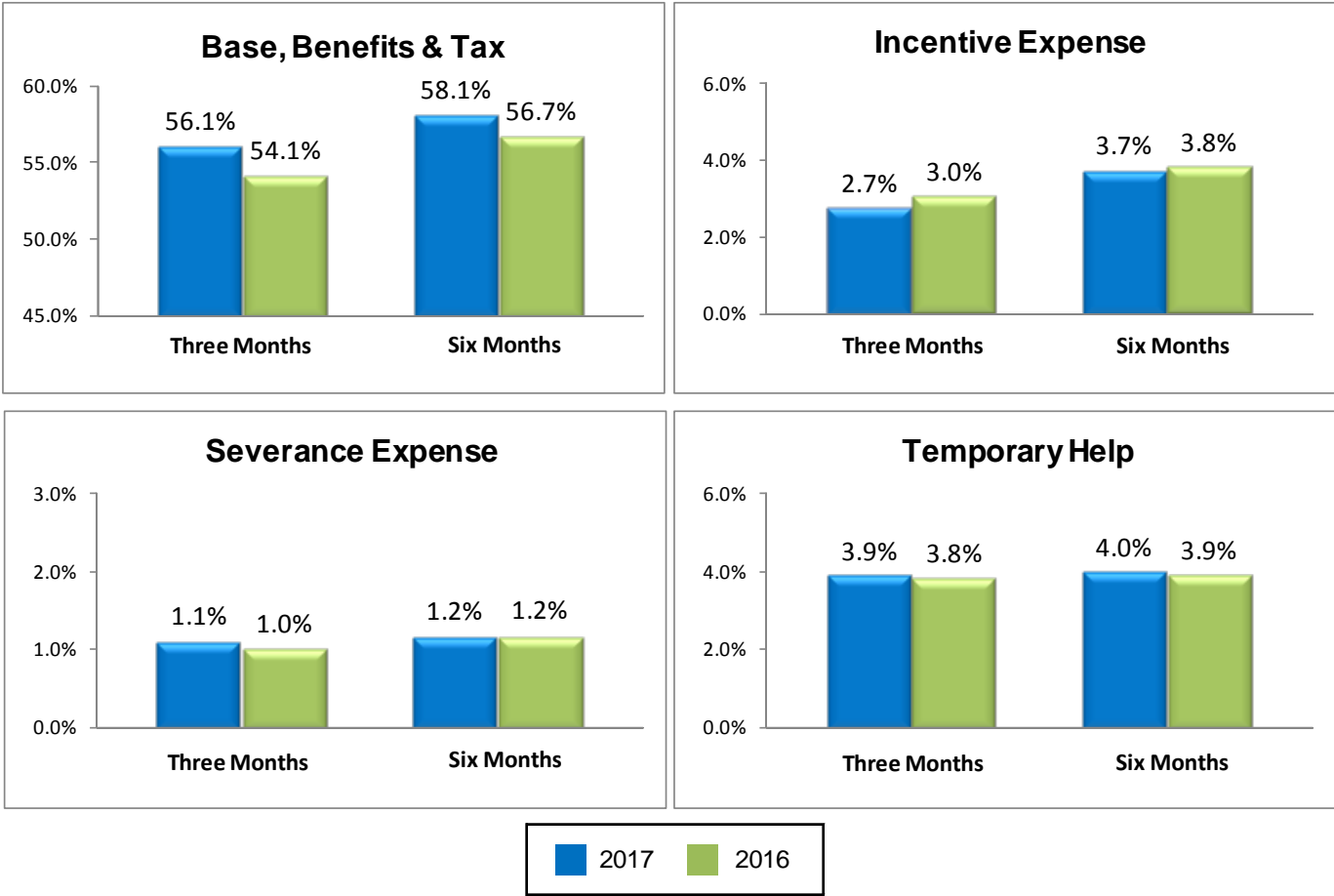
# Salaries & Related Expenses

## % of Revenue, Trailing Twelve Months



# Salaries & Related Expenses (% of Revenue)

## Three and Six Months Ended June 30



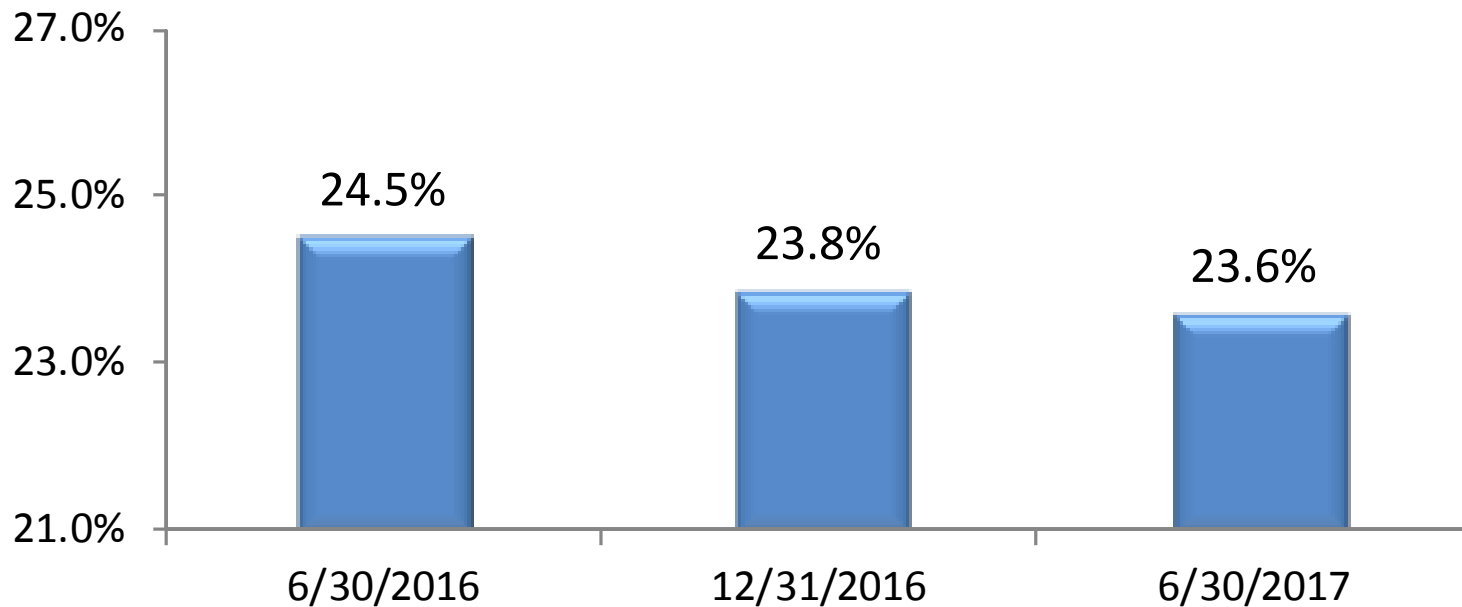
■ 2017 ■ 2016

“All Other Salaries & Related,” not shown, was 1.9% and 2.2% for the three months ended June 30, 2017 and 2016, respectively, and 2.1% and 2.7% for the six months ended June 30, 2017 and 2016, respectively.



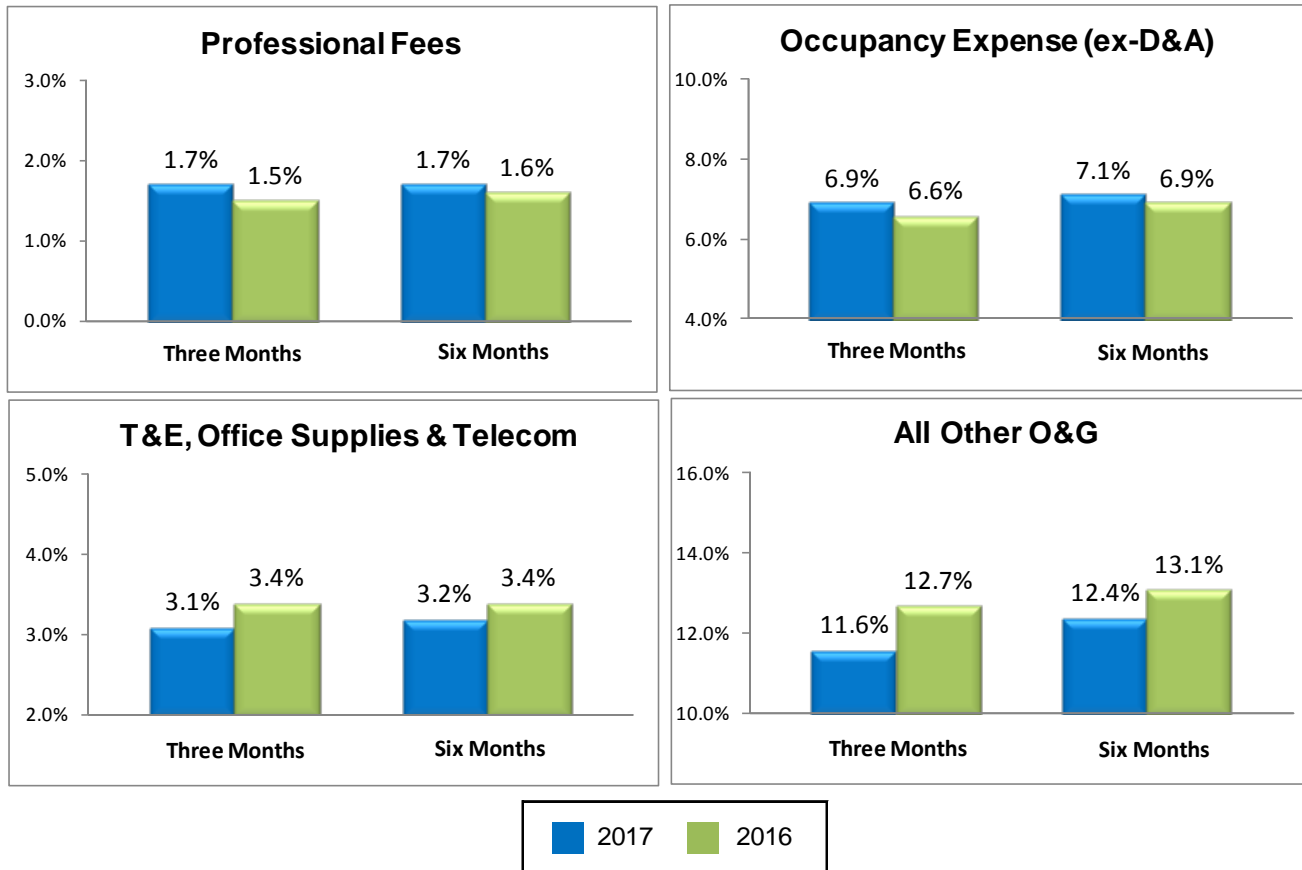
# Office & General Expenses

## % of Revenue, Trailing Twelve Months



# Office & General Expenses (% of Revenue)

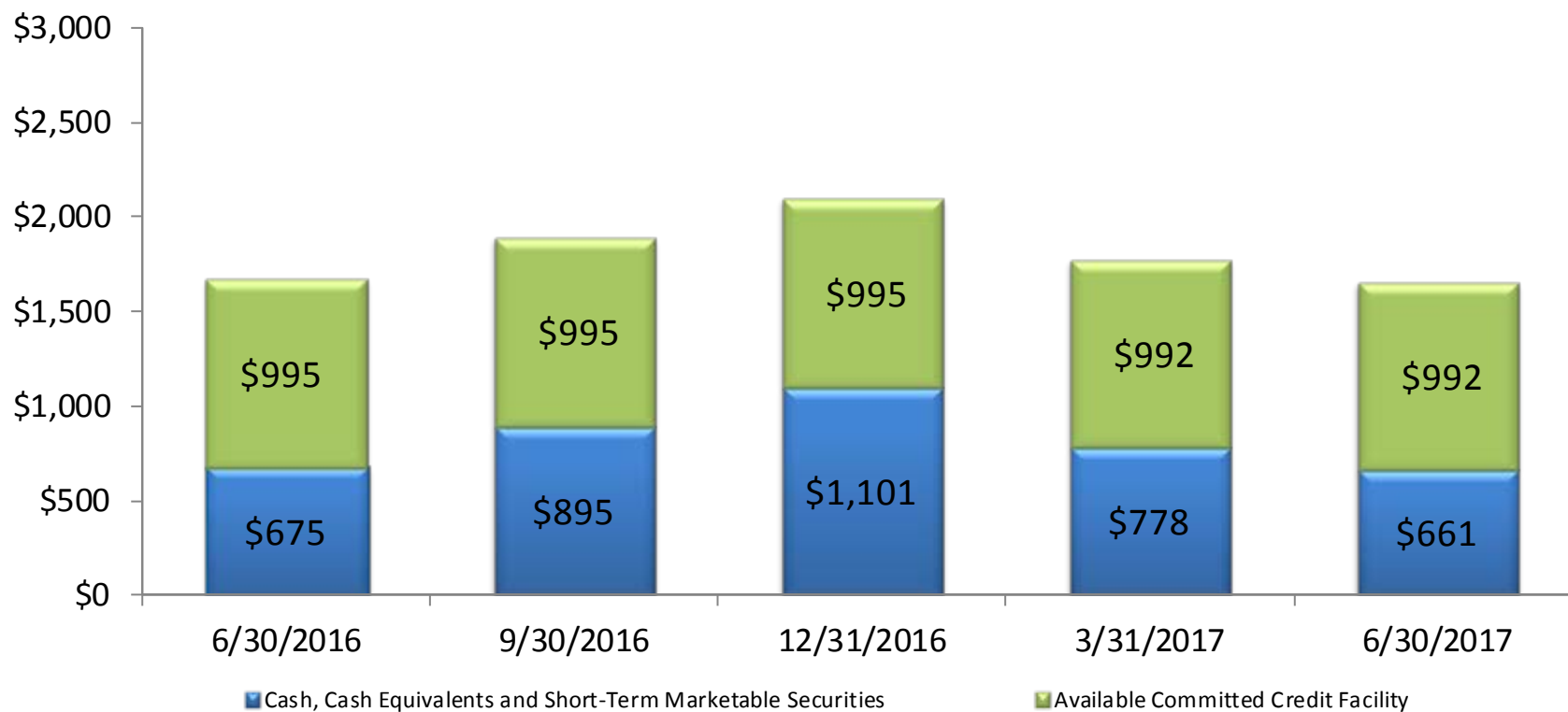
## Three and Six Months Ended June 30



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

# Available Liquidity

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



# \$1.0 Billion 5-Year Credit Facility Covenants

<u>Covenants</u>	<u>Last Twelve Months Ending June 30, 2017</u>
I. Interest Coverage Ratio (not less than):	5.00x
Actual Interest Coverage Ratio:	18.48x
II. Leverage Ratio (not greater than):	3.50x
Actual Leverage Ratio:	1.54x
<u>Interest Coverage Ratio - Interest Expense Reconciliation</u>	<u>Last Twelve Months Ending June 30, 2017</u>
Interest Expense:	\$90.1
- Interest income	18.6
- Other	7.3
Net interest expense <sup>(1)</sup> :	<u>\$64.2</u>
<u>EBITDA Reconciliation</u>	<u>Last Twelve Months Ending June 30, 2017</u>
Operating Income:	\$929.9
+ Depreciation and amortization	256.4
EBITDA <sup>(1)</sup> :	<u>\$1,186.3</u>

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# Cautionary Statement

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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.