

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, 2021



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)

13-1024020

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

909 Third Avenue, New York, New York 10022

(Address of principal executive offices) (Zip Code)

(212)704-1200

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On October 21, 2021, 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 2021, (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, 2021 (furnished pursuant to Item 2.02)

[Exhibit 99.2](#): Investor presentation dated October 21, 2021 (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, 2021

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Andrew Bonzani

Name: Andrew Bonzani

Title: Executive Vice President, General Counsel



FOR IMMEDIATE RELEASE

New York, NY (October 21, 2021)

Interpublic Announces Third Quarter and First Nine Months 2021 Results

- **Third quarter net revenue was \$2.26 billion, an increase of 15.7% from a year ago, with organic growth of 15.0%**
- **Net income was \$239.9 million, with adjusted EBITA before restructuring charges of \$369.5 million and margin of 16.3% on net revenue**
- **Third quarter diluted EPS was \$0.60 as reported, and \$0.63 as adjusted compared with \$0.53 a year ago**
- **Company upgrades expectation for FY 2021 financial performance to organic growth of approximately 11.0% and adjusted EBITA margin of approximately 16.8%, based on continued progress on public health and sustained macro recovery**

Philippe Krakowsky, CEO of IPG:

"We are pleased with our third quarter performance, which was highlighted by strong revenue growth in all world regions and across our operating segments, and driven by broad-based contributions across our agencies and client sectors. Given 15.0% organic revenue growth from a year ago, our two-year organic increase on that important metric was 10.7% relative to the third quarter of 2019, which demonstrates the strength and relevance of our evolving offerings. The quarter was similarly highlighted by margin expansion compared to last year and well ahead of the third quarter of 2019. These remarkable results are thanks to our people, across all of Interpublic, who have continued to show a high level of dedication and support – to our clients and to one another. The combination of our exceptionally talented people, and a balanced portfolio of capabilities and expertise, continues to set a high competitive standard."

"The strategic steps we have taken over the long-term position us as a high value business partner that helps marketers thrive in the digital economy. By combining the power of creativity with the benefits of data and technology, we can create integrated solutions that are precise and accountable, solving business issues and driving growth for clients across a range of industry sectors. A culture that values diversity, corporate responsibility, and a transparent and ethical approach to the deployment of data further differentiates IPG."

"With the level of performance we are showing through nine months, we are pleased to increase our financial objectives for the full year. Based on expectations of a reasonably steady course of improvement in the public health situation and attendant global economic recovery, we expect that we can deliver organic growth for the year of approximately 11%. With growth at that level, we expect to achieve adjusted EBITA margin of approximately 16.8%. As such, we see significant opportunity to create further value for all of our stakeholders."

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Summary

Revenue

- Third quarter 2021 net revenue of \$2.26 billion increased by 15.7% compared to \$1.95 billion in the third quarter of 2020. During the quarter, our organic net revenue increase was 15.0%, which was comprised of an organic net revenue increase of 14.7% in the U.S. and an increase of 15.4% internationally. Third quarter 2021 total revenue, which includes billable expenses, of \$2.54 billion, increased by 19.6% compared to \$2.13 billion in 2020.
- First nine months 2021 net revenue of \$6.56 billion increased by 13.5% compared to \$5.78 billion in the first nine months of 2020. During the quarter, our organic net revenue increase was 12.0%, which was comprised of an organic net revenue increase of 10.4% in the U.S. and an increase of 15.2% internationally. First nine months 2021 total revenue, which includes billable expenses, of \$7.31 billion increased by 12.3% compared to \$6.51 billion in 2020.

Operating Results

- Operating income in the third quarter of 2021 increased to \$351.5 million, compared to \$248.6 million in 2020. Adjusted EBITA before restructuring charges increased to \$369.5 million in the third quarter of 2021, compared to adjusted EBITA before restructuring charges of \$317.2 million for the same period in 2020. Adjusted EBITA before restructuring charges margin on net revenue increased to 16.3%, compared to 16.2% in 2020.
- Restructuring charges of \$(3.5) million and \$(2.4) million for the three and nine months ended September 30, 2021, respectively, consist of adjustments to the Company's restructuring actions taken during 2020 to lower its operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business; there were no new restructuring actions in 2021. Restructuring charges were \$47.3 million and \$159.9 million for the three and nine months ended September 30, 2020, respectively.
- Operating income in the first nine months of 2021 increased to \$978.9 million, compared to \$365.0 million in 2020. Adjusted EBITA before restructuring charges increased to \$1,041.2 million in the first nine months of 2021, compared to adjusted EBITA before restructuring charges of \$589.3 million for the same period in 2020. Adjusted EBITA before restructuring charges margin on net revenue increased to 15.9%, compared to 10.2% in 2020.
- Refer to reconciliations on page 12 for further detail.

Net Results

- Income tax provision in the third quarter of 2021 was \$73.9 million on income before income taxes of \$318.3 million.
- Third quarter 2021 net income available to IPG common stockholders was \$239.9 million, resulting in earnings of \$0.61 per basic share and \$0.60 per diluted share, compared to earnings of \$0.72 and \$0.71 per basic and diluted share, respectively, for the same period in 2020. Adjusted earnings were \$0.63 per diluted share, compared to adjusted earnings of \$0.53 per diluted share a year ago. Third quarter 2021 adjusted earnings excludes after-tax amortization of acquired intangibles of \$17.3 million, after-tax restructuring charges of \$(3.5) million and an after-tax gain of \$1.7 million on the sales of businesses.
- Income tax provision in the first nine months of 2021 was \$184.4 million on income before income taxes of \$788.8 million.
- First nine months of 2021 net income available to IPG common stockholders was \$594.9 million, resulting in earnings of \$1.51 per basic share and \$1.49 per diluted share, compared to earnings of \$0.61 per basic and diluted share for the same period in 2020. Adjusted earnings were \$1.78 per diluted share, compared to adjusted earnings of \$0.87 per diluted share a year ago. First nine months 2021 adjusted earnings excludes after-tax amortization of acquired intangibles of \$52.1 million, after-tax restructuring charges of \$(2.7) million, an after-tax loss of \$10.8 million on the sales of businesses and an after-tax loss of \$55.5 million on the early extinguishment of debt.
- Refer to reconciliations on pages 10 through 14 for further detail.

Operating Results

Revenue

Net revenue of \$2.26 billion in the third quarter of 2021 increased 15.7% compared with the same period in 2020. During the quarter, the effect of foreign currency translation was positive 1.1%, the impact of net dispositions was negative 0.4%, and the resulting organic net revenue increase was 15.0%. Total revenue, which includes billable expenses, increased to \$2.54 billion in the third quarter of 2021, compared to \$2.13 billion in 2020.

Net revenue of \$6.56 billion in the first nine months of 2021 increased 13.5% compared with the same period in 2020. During the first nine months of 2021, the effect of foreign currency translation was positive 1.9%, the impact of net dispositions was negative 0.4%, and the resulting organic net revenue increase was 12.0%. Total revenue, which includes billable expenses, increased to \$7.31 billion in the first nine months of 2021, compared to \$6.51 billion in 2020.

Operating Expenses

For the third quarter of 2021, total operating expenses, excluding billable expenses, increased by 12.0%, compared to the net revenue increase of 15.7% from the same period a year ago. For the first nine months of 2021, total operating expenses, excluding billable expenses, increased by 3.0% compared to the net revenue increase of 13.5% from the same period a year ago.

Staff cost ratio, which is total salaries and related expenses as a percentage of net revenue, increased to 66.8% in the third quarter of 2021 from 65.0% in the same period in 2020, and decreased to 66.9% in the first nine months of 2021 from 69.2% in the same period in 2020. Salaries and related expenses increased 19.0% to \$1.51 billion during the third quarter of 2021, compared to \$1.27 billion for the same period in 2020. Salaries and related expenses increased 9.8% to \$4.39 billion during the first nine months of 2021, compared to \$4.00 billion for the same period in 2020. The increase in staff cost ratio as a percentage of net revenue in the third quarter was primarily driven by increased performance-based employee incentive compensation expense and increased temporary labor expense supporting our revenue growth, which is partially offset by leverage in base salaries, benefits and payroll tax expenses. The decrease in staff cost ratio as a percentage of net revenue in the first nine months of 2021 was primarily driven by leverage in base salaries, benefits and tax that includes the benefit of initiatives taken during 2020.

Office and other direct expenses decreased as a percentage of net revenue to 13.3% during the third quarter of 2021, compared to 15.8% a year ago, and decreased as a percentage of net revenue to 13.6% during the first nine months of 2021, compared to 17.4% a year ago. In the third quarter of 2021, office and other direct expenses were \$300.9 million, a decrease of 2.3% compared to the same period in 2020. In the first nine months of 2021, office and other direct expenses were \$894.8 million, a decrease of 10.8% compared to the same period in 2020. The change for the third quarter was mainly due to lower bad debt expense and a reduction in the year-over-year change in contingent acquisition obligations, as well as savings on occupancy expense as a result of real estate restructuring actions taken in 2020. The change for the first nine months was mainly due to factors similar to those noted for the third quarter of 2021 in addition to a decrease in travel and entertainment expenses.

Selling, general and administrative expenses increased as a percentage of net revenue to 1.4% during the third quarter of 2021, compared to 0.5% during the same period in 2020, and increased as a percentage of net revenue to 1.4% during the first nine months of 2021, compared to 0.6% during the same period in 2020. The change for the third quarter was primarily due to increases in performance-based incentive compensation expense and employee insurance expense. The change for the first nine months was mainly due to factors similar to those noted for the third quarter of 2021, in addition to an increase in base salaries

as the prior year benefited from temporary cost saving actions that have since unwound as well as higher other office and other direct expenses.

Depreciation and amortization as a percentage of net revenue decreased to 3.1% during the third quarter of 2021, compared to 3.6% a year ago, and decreased to 3.2% during the first nine months of 2021, compared to 3.8% a year ago. During the third quarter of 2021, depreciation and amortization was \$69.4 million, a decrease of 2.3% compared to the same period in 2020. During the first nine months of 2021, depreciation and amortization was \$208.7 million, a decrease of 3.8% compared to the same period in 2020.

Restructuring charges in the third quarter of 2021 were \$(3.5) million and were \$(2.4) million in the first nine months of 2021, consisting of adjustments to the Company's restructuring actions taken during 2020 to lower its operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business; there were no new restructuring actions in 2021. Restructuring charges were \$47.3 million and \$159.9 million for the three and nine months ended September 30, 2020, respectively.

Non-Operating Results and Tax

Net interest expense decreased by \$9.2 million to \$35.5 million in the third quarter of 2021 from a year ago, and decreased by \$9.5 million to \$113.2 million in the first nine months of 2021 from a year ago.

Other income, net was \$2.3 million in the third quarter of 2021 and other expense, net was \$76.9 million in the first nine months of 2021, which included a pre-tax loss of \$74.0 million related to the early extinguishment of debt from the first quarter of 2021.

The income tax provision in the third quarter of 2021 was \$73.9 million on income before income taxes of \$318.3 million. This compares to an income tax benefit of \$86.3 million for the third quarter of 2020 on income before income taxes of \$192.6 million.

The income tax provision in the first nine months of 2021 was \$184.4 million on income before income taxes of \$788.8 million. This compares to an income tax benefit of \$50.1 million for the first nine months of 2020 on income before income taxes of \$187.7 million.

Balance Sheet

At September 30, 2021, cash and cash equivalents totaled \$2.49 billion, compared to \$2.51 billion at December 31, 2020 and \$1.63 billion on September 30, 2020. Total debt was \$3.45 billion at September 30, 2021, compared to \$3.47 billion at December 31, 2020.

Common Stock Dividend

During the third quarter of 2021, the Company declared and paid a common stock cash dividend of \$0.270 per share, for a total of \$106.2 million.

For further information regarding the Company's financial results as well as certain non-GAAP measures including organic net revenue change, 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 (NYSE: IPG) (www.interpublic.com) is a values-based, data-fueled, and creatively-driven provider of marketing solutions. Home to some of the world's best-known and most innovative communications specialists, IPG global brands include: Acxiom, Craft, FCB, FutureBrand, Golin, Huge, Initiative, Jack Morton, Kinesso, MAGNA, Matterkind, McCann, Mediahub, Momentum, MRM, MullenLowe Group, Octagon, R/GA, UM, Weber Shandwick and more. IPG is an S&P 500 company with net revenue of \$8.06 billion in 2020.

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Cautionary Statement

This release contains forward-looking statements. Statements in this release that are not historical facts, including statements about management's beliefs and expectations, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined under item 1A, *Risk Factors*, in our most recent Annual Report on Form 10-K and our 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 impacts of the COVID-19 pandemic and the measures to contain its spread, including social distancing efforts and restrictions on businesses, social activities and travel, any failure to realize anticipated benefits from the rollout of COVID-19 vaccination campaigns and the resulting impact on the economy, our clients 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, including laws and regulations related to data protection and consumer privacy; and
- failure to fully realize the anticipated benefits of our 2020 restructuring actions and other cost-savings initiatives.

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 2021 AND 2020
(Amounts in Millions except Per Share Data)
(UNAUDITED)

	Three Months Ended September 30,		
	2021	2020	Fav. (Unfav.) % Variance
Revenue:			
Net Revenue	\$ 2,261.7	\$ 1,954.6	15.7 %
Billable Expenses	280.3	170.9	64.0 %
Total Revenue	<u>2,542.0</u>	<u>2,125.5</u>	<u>19.6 %</u>
Operating Expenses:			
Salaries and Related Expenses	1,511.2	1,269.9	(19.0)%
Office and Other Direct Expenses	300.9	307.9	2.3 %
Billable Expenses	280.3	170.9	(64.0)%
Cost of Services	2,092.4	1,748.7	(19.7)%
Selling, General and Administrative Expenses	32.2	9.9	>(100)%
Depreciation and Amortization	69.4	71.0	2.3 %
Restructuring Charges	(3.5)	47.3	>100%
Total Operating Expenses	<u>2,190.5</u>	<u>1,876.9</u>	<u>(16.7)%</u>
Operating Income	<u>351.5</u>	<u>248.6</u>	<u>41.4 %</u>
Expenses and Other Income:			
Interest Expense	(42.9)	(50.8)	
Interest Income	7.4	6.1	
Other Income (Expense), Net	2.3	(11.3)	
Total (Expenses) and Other Income	<u>(33.2)</u>	<u>(56.0)</u>	
Income Before Income Taxes	318.3	192.6	
Provision for (Benefit of) Income Taxes	73.9	(86.3)	
Income of Consolidated Companies	<u>244.4</u>	<u>278.9</u>	
Equity in Net Income (Loss) of Unconsolidated Affiliates	0.2	(0.4)	
Net Income	<u>244.6</u>	<u>278.5</u>	
Net (Income) Loss Attributable to Non-controlling Interests	(4.7)	1.2	
Net Income Available to IPG Common Stockholders	<u>\$ 239.9</u>	<u>\$ 279.7</u>	
Earnings Per Share Available to IPG Common Stockholders:			
Basic	\$ 0.61	\$ 0.72	
Diluted	\$ 0.60	\$ 0.71	
Weighted-Average Number of Common Shares Outstanding:			
Basic	393.5	389.6	
Diluted	399.8	393.9	
Dividends Declared Per Common Share	\$ 0.270	\$ 0.255	

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THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED SUMMARY OF EARNINGS
THIRD QUARTER REPORT 2021 AND 2020
(Amounts in Millions except Per Share Data)
(UNAUDITED)

	Nine Months Ended September 30,		
	2021	2020	Fav. (Unfav.) % Variance
Revenue:			
Net Revenue	\$ 6,559.0	\$ 5,780.1	13.5 %
Billable Expenses	749.6	730.9	2.6 %
Total Revenue	<u>7,308.6</u>	<u>6,511.0</u>	<u>12.3 %</u>
Operating Expenses:			
Salaries and Related Expenses	4,389.2	3,998.8	(9.8)%
Office and Other Direct Expenses	894.8	1,003.1	10.8 %
Billable Expenses	749.6	730.9	(2.6)%
Cost of Services	6,033.6	5,732.8	(5.2)%
Selling, General and Administrative Expenses	89.8	36.4	>(100)%
Depreciation and Amortization	208.7	216.9	3.8 %
Restructuring Charges	(2.4)	159.9	>100%
Total Operating Expenses	<u>6,329.7</u>	<u>6,146.0</u>	<u>(3.0)%</u>
Operating Income	<u>978.9</u>	<u>365.0</u>	<u>>100%</u>
Expenses and Other Income:			
Interest Expense	(135.1)	(145.4)	
Interest Income	21.9	22.7	
Other Expense, Net	(76.9)	(54.6)	
Total (Expenses) and Other Income	<u>(190.1)</u>	<u>(177.3)</u>	
Income Before Income Taxes	<u>788.8</u>	<u>187.7</u>	
Provision for (Benefit of) Income Taxes	184.4	(50.1)	
Income of Consolidated Companies	<u>604.4</u>	<u>237.8</u>	
Equity in Net Income (Loss) of Unconsolidated Affiliates	0.4	(0.6)	
Net Income	<u>604.8</u>	<u>237.2</u>	
Net (Income) Loss Attributable to Non-controlling Interests	(9.9)	1.6	
Net Income Available to IPG Common Stockholders	<u>\$ 594.9</u>	<u>\$ 238.8</u>	
Earnings Per Share Available to IPG Common Stockholders:			
Basic	\$ 1.51	\$ 0.61	
Diluted	\$ 1.49	\$ 0.61	
Weighted-Average Number of Common Shares Outstanding:			
Basic	392.8	388.9	
Diluted	398.3	392.6	
Dividends Declared Per Common Share	<u>\$ 0.810</u>	<u>\$ 0.765</u>	

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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, 2021				
	As Reported	Amortization of Acquired Intangibles	Restructuring Charges ¹	Net Losses on Sales of Businesses ²	Adjusted Results (Non-GAAP)
Operating Income and Adjusted EBITA before Restructuring Charges³	\$ 351.5	\$ (21.5)	\$ 3.5		\$ 369.5
Total (Expenses) and Other Income ⁴	(33.2)			\$ 1.7	(34.9)
Income Before Income Taxes	318.3	(21.5)	3.5	1.7	334.6
Provision for Income Taxes	73.9	4.2	0.0	0.0	78.1
Equity in Net Income of Unconsolidated Affiliates	0.2				0.2
Net Income Attributable to Non-controlling Interests	(4.7)				(4.7)
Net Income Available to IPG Common Stockholders	\$ 239.9	\$ (17.3)	\$ 3.5	\$ 1.7	\$ 252.0
Weighted-Average Number of Common Shares Outstanding - Basic	393.5				393.5
Dilutive effect of stock options and restricted shares	6.3				6.3
Weighted-Average Number of Common Shares Outstanding - Diluted	399.8				399.8
Earnings per Share Available to IPG Common Stockholders⁵:					
Basic	\$ 0.61	\$ (0.04)	\$ 0.01	\$ 0.00	\$ 0.64
Diluted	\$ 0.60	\$ (0.04)	\$ 0.01	\$ 0.00	\$ 0.63

¹ Restructuring charges of \$(3.5) million in the third quarter of 2021 were related to adjustments to our restructuring actions taken in 2020, which were designed to reduce our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business.

² Primarily includes a non-cash gain in the third quarter of 2021 related to the deconsolidation of a previously consolidated subsidiary in which we maintain an equity interest, partially offset by losses on complete dispositions of businesses and the classification of certain assets as held for sale.

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.

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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, 2021					
	As Reported	Amortization of Acquired Intangibles	Restructuring Charges ¹	Net Losses on Sales of Businesses ²	Loss on Early Extinguishment of Debt ³	Adjusted Results (Non-GAAP)
Operating Income and Adjusted EBITA before Restructuring Charges⁴	\$ 978.9	\$ (64.7)	\$ 2.4			\$ 1,041.2
Total (Expenses) and Other Income ⁵	(190.1)			\$ (12.5)	\$ (74.0)	(103.6)
Income Before Income Taxes	788.8	(64.7)	2.4	(12.5)	(74.0)	937.6
Provision for Income Taxes	184.4	12.6	0.3	1.7	18.5	217.5
Equity in Net Income of Unconsolidated Affiliates	0.4					0.4
Net Income Attributable to Non-controlling Interests	(9.9)					(9.9)
Net Income Available to IPG Common Stockholders	\$ 594.9	\$ (52.1)	\$ 2.7	\$ (10.8)	\$ (55.5)	\$ 710.6
Weighted-Average Number of Common Shares Outstanding - Basic	392.8					392.8
Dilutive effect of stock options and restricted shares	5.5					5.5
Weighted-Average Number of Common Shares Outstanding - Diluted	398.3					398.3
Earnings per Share Available to IPG Common Stockholders⁶:						
Basic	\$ 1.51	\$ (0.13)	\$ 0.01	\$ (0.03)	\$ (0.14)	\$ 1.81
Diluted	\$ 1.49	\$ (0.13)	\$ 0.01	\$ (0.03)	\$ (0.14)	\$ 1.78

¹ Restructuring charges of \$(2.4) million in the first nine months of 2021 were related to adjustments to our restructuring actions taken in 2020, which were designed to reduce our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business.

² Includes losses on complete dispositions of businesses and the classification of certain assets as held for sale, partially offset by a non-cash gain in the third quarter of 2021 related to the deconsolidation of a previously consolidated subsidiary in which we maintain an equity interest.

³ Consists of a loss incurred in the first quarter of 2021 related to the early extinguishment of our 4.000% unsecured senior notes due 2022, 3.750% unsecured senior notes due 2023 and half of our 4.200% unsecured senior notes due 2024.

⁴ Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on page 12.

⁵ Consists of non-operating expenses including interest expense, net and other expense, net.

⁶ 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,	
	2021	2020	2021	2020
Net Revenue	\$ 2,261.7	\$ 1,954.6	\$ 6,559.0	\$ 5,780.1
Non-GAAP Reconciliation:				
Net Income Available to IPG Common Stockholders	\$ 239.9	\$ 279.7	\$ 594.9	\$ 238.8
Add Back:				
Provision for (Benefit of) Income Taxes	73.9	(86.3)	184.4	(50.1)
Subtract:				
Total (Expenses) and Other Income	(33.2)	(56.0)	(190.1)	(177.3)
Equity in Net Income (Loss) of Unconsolidated Affiliates	0.2	(0.4)	0.4	(0.6)
Net (Income) Loss Attributable to Non-controlling Interests	(4.7)	1.2	(9.9)	1.6
Operating Income	351.5	248.6	978.9	365.0
Add Back:				
Amortization of Acquired Intangibles	21.5	21.3	64.7	64.4
Adjusted EBITA	\$ 373.0	\$ 269.9	\$ 1,043.6	\$ 429.4
<i>Adjusted EBITA Margin on Net Revenue %</i>	<i>16.5 %</i>	<i>13.8 %</i>	<i>15.9 %</i>	<i>7.4 %</i>
Restructuring Charges ¹	(3.5)	47.3	(2.4)	159.9
Adjusted EBITA before Restructuring Charges	\$ 369.5	\$ 317.2	\$ 1,041.2	\$ 589.3
<i>Adjusted EBITA before Restructuring Charges Margin on Net Revenue %</i>	<i>16.3 %</i>	<i>16.2 %</i>	<i>15.9 %</i>	<i>10.2 %</i>

¹ Restructuring charges of \$(3.5) million and \$(2.4) million in the third quarter and first nine months of 2021, respectively, were related to adjustments to our restructuring actions taken in 2020, which were designed to reduce our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business.

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, 2020						Adjusted Results (Non-GAAP)
	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses ¹	Net Impact of Discrete Tax Items ²		
Operating Income and Adjusted EBITA before Restructuring Charges³	\$ 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 Non-controlling Interests	1.2						1.2
Net Income Available to IPG Common Stockholders	\$ 279.7	\$ (17.0)	\$ (36.5)	\$ (6.5)	\$ 132.6		\$ 207.1
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	393.9						393.9
Earnings per Share Available to IPG Common Stockholders⁵:							
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.

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						Adjusted Results (Non-GAAP)
	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses ¹	Net Impact of Discrete Tax Items ²		
Operating Income and Adjusted EBITA before Restructuring Charges³	\$ 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 Non-controlling Interests	1.6						1.6
Net Income Available to IPG Common Stockholders	\$ 238.8	\$ (51.7)	\$ (123.7)	\$ (48.8)	\$ 122.6		\$ 340.4
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	392.6						392.6
Earnings per Share Available to IPG Common Stockholders⁵:							
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.



THIRD QUARTER 2021
EARNINGS CONFERENCE CALL

Interpublic Group
October 21, 2021

Overview — Third Quarter 2021

- Net revenue growth was 15.7% and organic growth was 15.0%
 - U.S. organic growth was 14.7%
 - International organic growth was 15.4%
 - Two-year compound organic growth was 10.7%
- Net income as reported was \$239.9 million
- Adjusted EBITA before Restructuring Charges was \$369.5 million, a 16.3% margin on net revenue
- Diluted EPS was \$0.60 as reported, and adjusted diluted EPS was \$0.63
- Following the quarter, on October 1st, paid \$500 million senior note maturity from cash on hand

Organic change of net revenue, adjusted EBITA before Restructuring Charges and adjusted diluted EPS are non-GAAP measures. Management believes these metrics 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. See our non-GAAP reconciliations of organic net revenue change on pages 18-19 and adjusted results on pages 20-24.

Operating Performance

	Three Months Ended September 30,		
		2021	2020
Net Revenue	\$	2,261.7	\$ 1,954.6
Billable Expenses		280.3	170.9
Total Revenue		2,542.0	2,125.5
Salaries and Related Expenses		1,511.2	1,269.9
Office and Other Direct Expenses		300.9	307.9
Billable Expenses		280.3	170.9
Cost of Services		2,092.4	1,748.7
Selling, General and Administrative Expenses		32.2	9.9
Depreciation and Amortization		69.4	71.0
Restructuring Charges		(3.5)	47.3
Total Operating Expenses		2,190.5	1,876.9
Operating Income		351.5	248.6
Interest Expense, net		(35.5)	(44.7)
Other Income (Expense), net		2.3	(11.3)
Income Before Income Taxes		318.3	192.6
Provision for (Benefit of) Income Taxes ⁽¹⁾		73.9	(86.3)
Equity in Net Income (Loss) of Unconsolidated Affiliates		0.2	(0.4)
Net Income		244.6	278.5
Net (Income) Loss Attributable to Non-controlling Interests		(4.7)	1.2
Net Income Available to IPG Common Stockholders	\$	239.9	\$ 279.7
Earnings per Share Available to IPG Common Stockholders - Basic	\$	0.61	\$ 0.72
Earnings per Share Available to IPG Common Stockholders - Diluted	\$	0.60	\$ 0.71
Weighted-Average Number of Common Shares Outstanding - Basic		393.5	389.6
Weighted-Average Number of Common Shares Outstanding - Diluted		399.8	393.9
Dividends Declared per Common Share	\$	0.270	\$ 0.255

⁽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

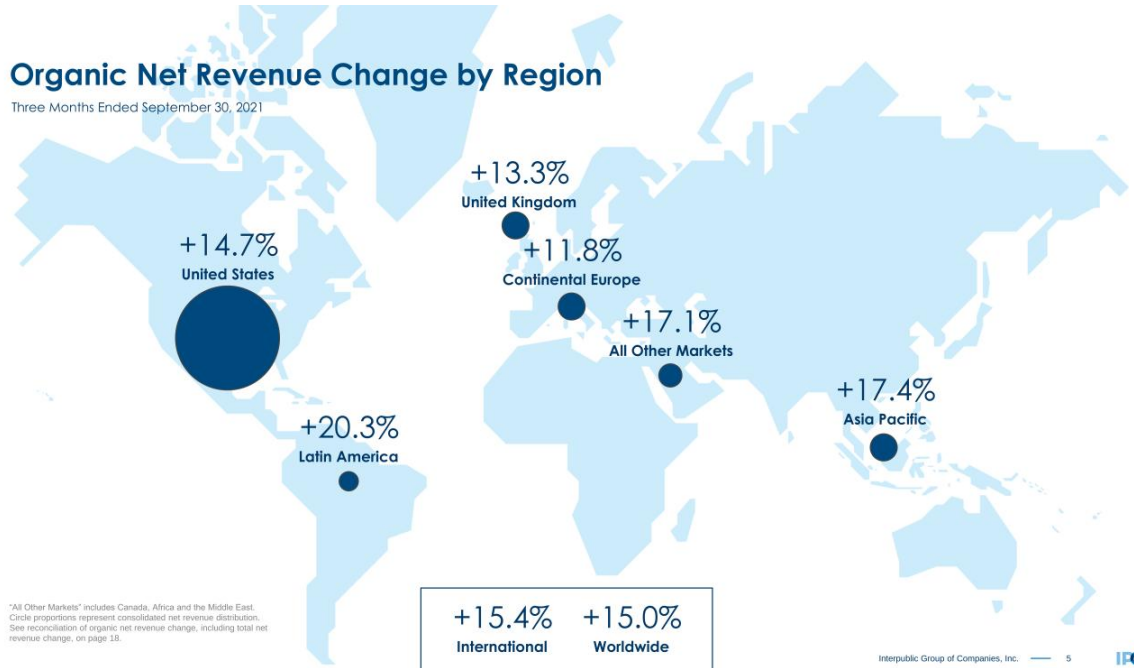
	Three Months Ended		Nine Months Ended	
	\$	% Change	\$	% Change
September 30, 2020	\$ 1,954.6		\$ 5,780.1	
Foreign currency	22.4	1.1%	109.8	1.9%
Net acquisitions/(divestitures)	(7.6)	(0.4%)	(27.0)	(0.4%)
Organic	292.3	15.0%	696.1	12.0%
Total change	307.1	15.7%	778.9	13.5%
September 30, 2021	\$ 2,261.7		\$ 6,559.0	

	Three Months Ended September 30,				Nine Months Ended September 30,			
			Change				Change	
	2021	2020	Organic	Total	2021	2020	Organic	Total
IAN	\$ 1,942.7	\$ 1,685.5	14.4%	15.3%	\$ 5,631.3	\$ 4,935.7	12.6%	14.1%
DXTRA	\$ 319.0	\$ 269.1	18.6%	18.5%	\$ 927.7	\$ 844.4	9.0%	9.9%

See reconciliation of segment organic net revenue change on pages 18 and 19.
(\$ in Millions)

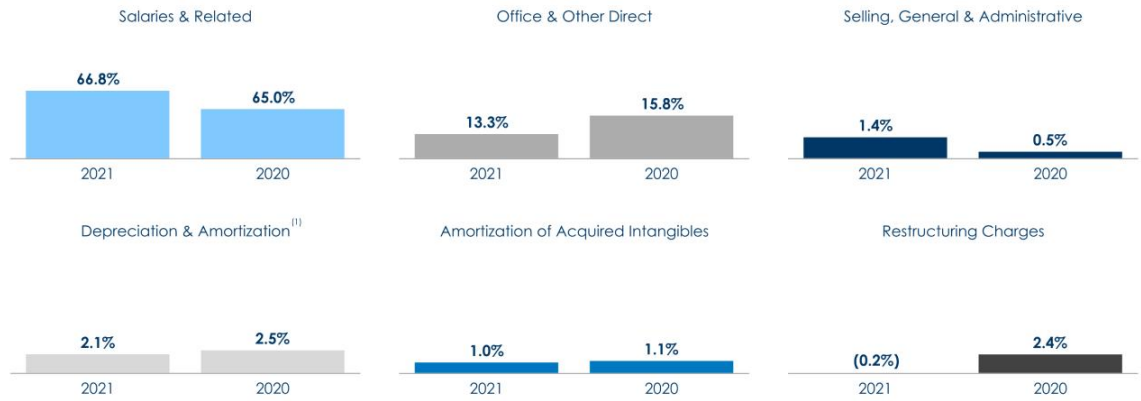
Organic Net Revenue Change by Region

Three Months Ended September 30, 2021



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, 2021

	As Reported	Amortization of Acquired Intangibles	Restructuring Charges ⁽¹⁾	Net Losses on Sales of Businesses ⁽²⁾	Adjusted Results (Non-GAAP)
Operating Income and Adjusted EBITA before Restructuring Charges ⁽³⁾	\$ 351.5	\$ (21.5)	\$ 3.5		\$ 369.5
Total (Expenses) and Other Income ⁽⁴⁾	(33.2)			\$ 1.7	(34.9)
Income Before Income Taxes	318.3	(21.5)	3.5	1.7	334.6
Provision for Income Taxes	73.9	4.2	0.0	0.0	78.1
Equity in Net Income of Unconsolidated Affiliates	0.2				0.2
Net Income Attributable to Non-controlling Interests	(4.7)				(4.7)
DILUTED EPS COMPONENTS:					
Net Income Available to IPG Common Stockholders	\$ 239.9	\$ (17.3)	\$ 3.5	\$ 1.7	\$ 252.0
Weighted-Average Number of Common Shares Outstanding	399.8				399.8
Earnings per Share Available to IPG Common Stockholders ⁽⁵⁾	\$ 0.60	\$ (0.04)	\$ 0.01	\$ 0.00	\$ 0.63

- ⁽¹⁾ Restructuring charges of (\$3.5) in the third quarter of 2021 were related to adjustments to our restructuring actions taken in 2020, which were designed to reduce our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business.
- ⁽²⁾ Primarily includes a non-cash gain in the third quarter of 2021 related to the deconsolidation of a previously consolidated subsidiary in which we maintain an equity interest, partially offset by losses on complete dispositions of businesses and the classification of certain assets as held for sale.
- ⁽³⁾ Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on page 22.
- ⁽⁴⁾ Consists of non-operating expenses including interest expense, net and other expense, net.
- ⁽⁵⁾ Earnings per share may not add due to rounding.
See full non-GAAP reconciliation of adjusted diluted earnings per share on page 20.
(\$ in Millions, except per share amounts)

Cash Flow

		Three Months Ended September 30,	
		2021	2020
Net Income		\$ 244.6	\$ 278.5
OPERATING ACTIVITIES:			
	Depreciation & amortization	86.1	94.9
	Net losses on sales of businesses	4.4	8.6
	Deferred taxes	(12.0)	11.7
	Other non-cash items	(5.8)	19.5
	Non-cash restructuring charges	(1.3)	28.1
	Change in working capital, net	79.6	376.8
	Change in other non-current assets & liabilities	(5.4)	(128.8)
	Net cash provided by Operating Activities	390.2	689.3
INVESTING ACTIVITIES:			
	Capital expenditures	(61.3)	(40.1)
	Deconsolidation of a subsidiary	(16.3)	—
	Net proceeds from investments	3.9	3.9
	Other investing activities	1.7	(3.0)
	Net cash used in Investing Activities	(72.0)	(39.2)
FINANCING ACTIVITIES:			
	Common stock dividends	(106.2)	(99.4)
	Net decrease in short-term borrowings	(25.2)	(0.6)
	Acquisition-related payments	(15.7)	(8.3)
	Distributions to noncontrolling interests	(2.1)	(4.3)
	Tax payments for employee shares withheld	(1.0)	(0.4)
	Other financing activities	(3.1)	(2.4)
	Net cash used in Financing Activities	(153.3)	(115.4)
	Currency effect	(12.4)	8.6
	Net increase in cash, cash equivalents and restricted cash	\$ 152.5	\$ 543.3

(\$ in Millions)

Interpublic Group of Companies, Inc. 8



Balance Sheet — Current Portion

	September 30, 2021	December 31, 2020	September 30, 2020
CURRENT ASSETS:			
Cash and cash equivalents	\$ 2,490.0	\$ 2,509.0	\$ 1,628.0
Accounts receivable, net	4,042.5	4,646.4	3,297.4
Accounts receivable, billable to clients	2,150.4	1,820.7	1,817.2
Assets held for sale	3.5	0.8	20.0
Other current assets	446.5	390.7	521.7
Total current assets	\$ 9,132.9	\$ 9,367.6	\$ 7,284.3
CURRENT LIABILITIES:			
Accounts payable	\$ 6,844.2	\$ 7,269.7	\$ 5,105.9
Accrued liabilities	760.4	832.4	644.7
Contract liabilities	622.2	657.8	611.3
Short-term borrowings	44.1	48.0	46.3
Current portion of long-term debt	500.4	502.5	506.6
Current portion of operating leases	270.1	268.5	263.6
Liabilities held for sale	7.6	1.6	49.5
Total current liabilities	\$ 9,049.0	\$ 9,580.5	\$ 7,227.9

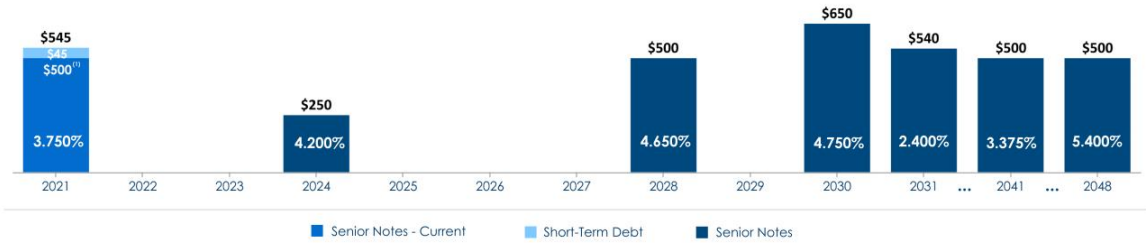
(\$ in Millions)

Interpublic Group of Companies, Inc. 9



Debt Maturity Schedule

Total Debt = \$3.5 billion



⁽¹⁾ \$500 Senior Notes due October 1, 2021, were repaid on maturity with cash on hand. (\$ in Millions)

Summary

- Strong first nine months of 2021
- Foundation for sustained growth and value creation
 - Quality of our agency offerings and talent
 - Data capabilities at scale
 - Strong creative and innovative marketing & media solutions
 - Integrated digital and digital specialists
 - Evolving higher-value offerings
 - "Open architecture" agency collaboration
- Effective expense management is an ongoing priority
- Financial strength a continued source of value creation



Appendix

Operating Performance

	Nine Months Ended September 30,	
	2021	2020
Net Revenue	\$ 6,559.0	\$ 5,780.1
Billable Expenses	749.6	730.9
Total Revenue	7,308.6	6,511.0
Salaries and Related Expenses	4,389.2	3,998.8
Office and Other Direct Expenses	894.8	1,003.1
Billable Expenses	749.6	730.9
Cost of Services	6,033.6	5,732.8
Selling, General and Administrative Expenses	89.8	36.4
Depreciation and Amortization	208.7	216.9
Restructuring Charges	(2.4)	159.9
Total Operating Expenses	6,329.7	6,146.0
Operating Income	978.9	365.0
Interest Expense, net	(113.2)	(122.7)
Other Expense, net ⁽¹⁾	(76.9)	(54.6)
Income Before Income Taxes	788.8	187.7
Provision for (Benefit of) Income Taxes ⁽²⁾	184.4	(50.1)
Equity in Net Income (Loss) of Unconsolidated Affiliates	0.4	(0.6)
Net Income	604.8	237.2
Net (Income) Loss Attributable to Non-controlling Interests	(9.9)	1.6
Net Income Available to IPG Common Stockholders	\$ 594.9	\$ 238.8
Earnings per Share Available to IPG Common Stockholders - Basic	\$ 1.51	\$ 0.61
Earnings per Share Available to IPG Common Stockholders - Diluted	\$ 1.49	\$ 0.61
Weighted-Average Number of Common Shares Outstanding - Basic	392.8	388.9
Weighted-Average Number of Common Shares Outstanding - Diluted	398.3	392.6
Dividends Declared per Common Share	\$ 0.810	\$ 0.765

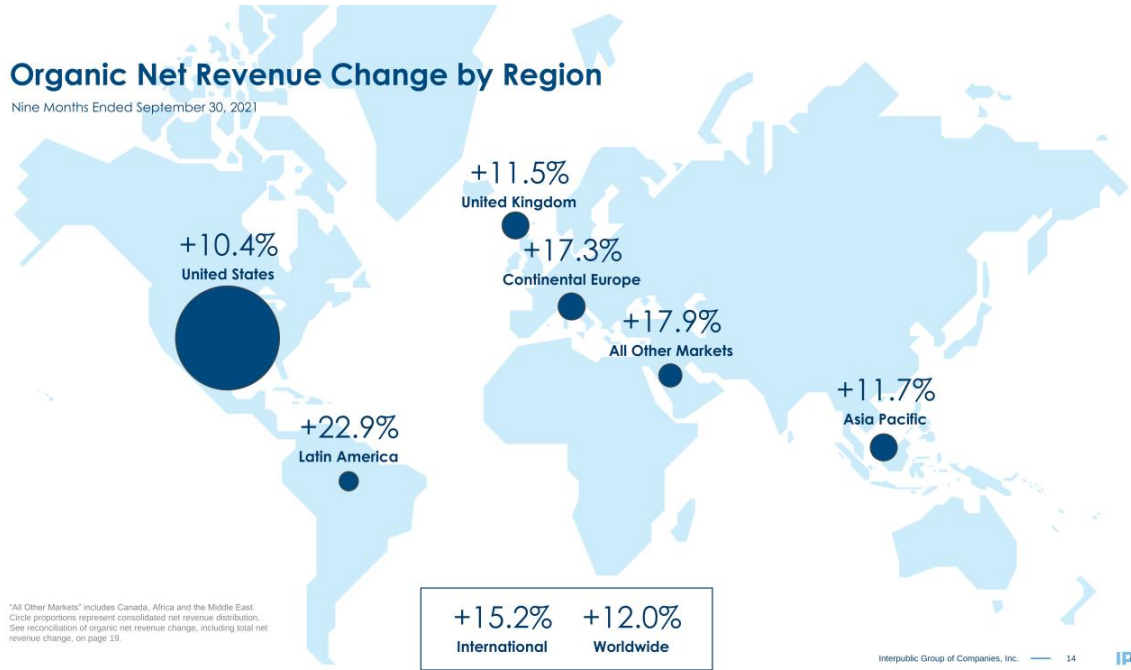
⁽¹⁾ Includes a loss of \$74.0 on early extinguishment of debt in the first quarter of 2021.

⁽²⁾ Includes an income tax benefit of \$135.2 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)

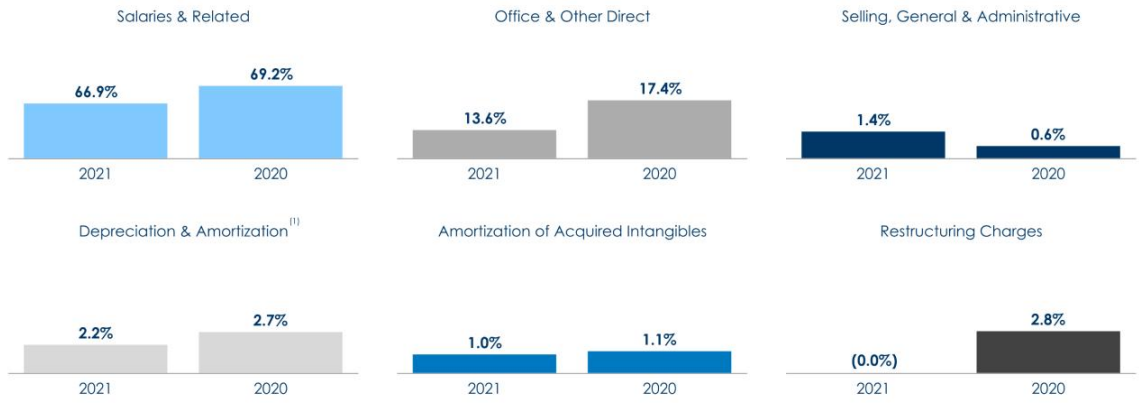
Organic Net Revenue Change by Region

Nine Months Ended September 30, 2021



Operating Expenses % of Net Revenue

Nine Months Ended September 30



⁽¹⁾ Excludes amortization of acquired intangibles.

Cash Flow

		Nine Months Ended September 30,	
		2021	2020
Net Income		\$ 604.8	\$ 237.2
OPERATING ACTIVITIES:			
	Depreciation & amortization	271.4	281.9
	Loss on early extinguishment of debt	74.0	—
	Deferred taxes	34.6	(9.4)
	Net losses on sales of businesses	18.6	51.8
	Non-cash restructuring charges	(2.2)	95.7
	Other non-cash items	(2.2)	70.5
	Change in working capital, net	(315.7)	(259.7)
	Change in other non-current assets & liabilities	(74.7)	(142.9)
	Net cash provided by Operating Activities	608.6	325.1
INVESTING ACTIVITIES:			
	Capital expenditures	(123.4)	(112.0)
	Deconsolidation of a subsidiary	(16.3)	—
	Acquisitions, net of cash acquired	—	(2.5)
	Net proceeds from investments	32.7	5.6
	Other investing activities	(8.1)	(23.6)
	Net cash used in Investing Activities	(115.1)	(132.5)
FINANCING ACTIVITIES:			
	Early extinguishment of long-term debt	(1,066.8)	—
	Common stock dividends	(321.4)	(298.6)
	Acquisition-related payments	(28.0)	(40.6)
	Tax payments for employee shares withheld	(25.0)	(22.2)
	Net (decrease) increase in short-term borrowings	(9.4)	1.9
	Distributions to noncontrolling interests	(9.0)	(13.7)
	Proceeds from long-term debt	998.1	646.2
	Exercise of stock options	8.0	0.0
	Other financing activities	(14.3)	(10.7)
	Net cash (used in) provided by Financing Activities	(467.8)	262.3
	Currency effect	(40.3)	(20.3)
	Net (decrease) increase in cash, cash equivalents and restricted cash	\$ (14.6)	\$ 434.6

(\$ in Millions)

Interpublic Group of Companies, Inc. 16



Depreciation and Amortization

	2021				
	Q1	Q2	Q3	Q4	YTD 2021
Depreciation and amortization ⁽¹⁾	\$ 47.6	\$ 48.5	\$ 47.9		\$ 144.0
Amortization of acquired intangibles	21.6	21.6	21.5		64.7
Amortization of restricted stock and other non-cash compensation	20.3	21.9	15.7		57.9
Net amortization of bond discounts and deferred financing costs	2.7	1.1	1.0		4.8

	2020				
	Q1	Q2	Q3	Q4	FY 2020
Depreciation and amortization ⁽¹⁾	\$ 51.5	\$ 51.3	\$ 49.7	\$ 52.2	\$ 204.7
Amortization of acquired intangibles	21.3	21.8	21.3	21.5	85.9
Amortization of restricted stock and other non-cash compensation	23.2	12.6	20.6	10.6	67.0
Net amortization of bond discounts and deferred financing costs	2.3	3.0	3.3	2.8	11.4

⁽¹⁾ Excludes amortization of acquired intangibles.
(\$ in Millions)

Reconciliation of Organic Net Revenue

		Three Months Ended September 30, 2020	Components of Change			Three Months Ended September 30, 2021	Change	
			Foreign Currency	Net Acquisitions/ (Divestitures)	Organic		Organic	Total
SEGMENT:	IAN	\$ 1,685.5	\$ 18.5	\$ (3.6)	\$ 242.3	\$ 1,942.7	14.4%	15.3%
	DXTRA	269.1	3.9	(4.0)	50.0	319.0	18.6%	18.5%
	Total	\$ 1,954.6	\$ 22.4	\$ (7.6)	\$ 292.3	\$ 2,261.7	15.0%	15.7%
GEOGRAPHIC:	United States	\$ 1,273.4	\$ —	\$ (1.4)	\$ 187.3	\$ 1,459.3	14.7%	14.6%
	International	681.2	22.4	(6.2)	105.0	802.4	15.4%	17.8%
	United Kingdom	162.0	11.6	0.0	21.5	195.1	13.3%	20.4%
	Continental Europe	158.0	2.2	(0.8)	18.7	178.1	11.8%	12.7%
	Asia Pacific	166.0	3.0	(5.9)	28.9	192.0	17.4%	15.7%
	Latin America	78.5	(0.4)	2.3	15.9	96.3	20.3%	22.7%
	All Other Markets	116.7	6.0	(1.8)	20.0	140.9	17.1%	20.7%
	Worldwide	\$ 1,954.6	\$ 22.4	\$ (7.6)	\$ 292.3	\$ 2,261.7	15.0%	15.7%

(\$ in Millions)

Interpublic Group of Companies, Inc. 18



Reconciliation of Organic Net Revenue

		Nine Months Ended September 30, 2020	Components of Change			Nine Months Ended September 30, 2021	Change	
			Foreign Currency	Net Acquisitions/ (Divestitures)	Organic		Organic	Total
SEGMENT:	IAN	\$ 4,935.7	\$ 89.9	\$ (14.7)	\$ 620.4	\$ 5,631.3	12.6%	14.1%
	DXTRA	844.4	19.9	(12.3)	75.7	927.7	9.0%	9.9%
	Total	\$ 5,780.1	\$ 109.8	\$ (27.0)	\$ 696.1	\$ 6,559.0	12.0%	13.5%
GEOGRAPHIC:	United States	\$ 3,820.6	\$ —	\$ (13.6)	\$ 397.6	\$ 4,204.6	10.4%	10.1%
	International	1,959.5	109.8	(13.4)	298.5	2,354.4	15.2%	20.2%
	United Kingdom	474.9	43.1	0.9	54.8	573.7	11.5%	20.8%
	Continental Europe	453.7	29.9	(2.7)	78.5	559.4	17.3%	23.3%
	Asia Pacific	487.4	23.6	(14.2)	56.8	553.6	11.7%	13.6%
	Latin America	220.1	(6.3)	4.4	50.4	268.6	22.9%	22.0%
	All Other Markets	323.4	19.5	(1.8)	58.0	399.1	17.9%	23.4%
	Worldwide	\$ 5,780.1	\$ 109.8	\$ (27.0)	\$ 696.1	\$ 6,559.0	12.0%	13.5%

(\$ in Millions)

Interpublic Group of Companies, Inc. 19



Reconciliation of Adjusted Results ⁽¹⁾

Three Months Ended September 30, 2021

	As Reported	Amortization of Acquired Intangibles	Restructuring Charges ⁽²⁾	Net Losses on Sales of Businesses ⁽³⁾	Adjusted Results (Non-GAAP)
Operating Income and Adjusted EBITA before Restructuring Charges ⁽⁴⁾	\$ 351.5	\$ (21.5)	\$ 3.5		\$ 369.5
Total (Expenses) and Other Income ⁽⁵⁾	(33.2)			\$ 1.7	(34.9)
Income Before Income Taxes	318.3	(21.5)	3.5	1.7	334.6
Provision for Income Taxes	73.9	4.2	0.0	0.0	78.1
Equity in Net Income of Unconsolidated Affiliates	0.2				0.2
Net Income Attributable to Non-controlling Interests	(4.7)				(4.7)
Net Income Available to IPG Common Stockholders	\$ 239.9	\$ (17.3)	\$ 3.5	\$ 1.7	\$ 252.0
Weighted-Average Number of Common Shares Outstanding - Basic	393.5				393.5
Dilutive effect of stock options and restricted shares	6.3				6.3
Weighted-Average Number of Common Shares Outstanding - Diluted	399.8				399.8
Earnings per Share Available to IPG Common Stockholders ⁽⁴⁾:					
Basic	\$ 0.61	\$ (0.04)	\$ 0.01	\$ 0.00	\$ 0.64
Diluted	\$ 0.60	\$ (0.04)	\$ 0.01	\$ 0.00	\$ 0.63

⁽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⁾ Restructuring charges of \$3.5 in the third quarter of 2021 were related to adjustments to our restructuring actions taken in 2020, which were designed to reduce our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business.

⁽³⁾ Primarily includes a non-cash gain in the third quarter of 2021 related to the deconsolidation of a previously consolidated subsidiary in which we maintain an equity interest, partially offset by losses on complete dispositions of businesses and the classification of certain assets as held for sale.

⁽⁴⁾ Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on page 22.

⁽⁵⁾ Consists of non-operating expenses including interest expense, net and other expense, net.

⁽⁶⁾ Earnings per share may not add due to rounding.

(\$ in Millions, except per share amounts)

Reconciliation of Adjusted Results ⁽¹⁾

	Nine Months Ended September 30, 2021					
	As Reported	Amortization of Acquired Intangibles	Restructuring Charges ⁽²⁾	Net Losses on Sales of Businesses ⁽³⁾	Loss on Early Extinguishment of Debt ⁽⁴⁾	Adjusted Results (Non-GAAP)
Operating Income and Adjusted EBITA before Restructuring Charges ⁽⁵⁾	\$ 978.9	\$ (64.7)	\$ 2.4			\$ 1,041.2
Total (Expenses) and Other Income ⁽⁶⁾	(190.1)			\$ (12.5)	\$ (74.0)	(103.6)
Income Before Income Taxes	788.8	(64.7)	2.4	(12.5)	(74.0)	937.6
Provision for Income Taxes	184.4	12.6	0.3	1.7	18.5	217.5
Equity in Net Income of Unconsolidated Affiliates	0.4					0.4
Net Income Attributable to Non-controlling Interests	(9.9)					(9.9)
Net Income Available to IPG Common Stockholders	\$ 594.9	\$ (52.1)	\$ 2.7	\$ (10.8)	\$ (55.5)	\$ 710.6
Weighted-Average Number of Common Shares Outstanding - Basic	392.8					392.8
Dilutive effect of stock options and restricted shares	5.5					5.5
Weighted-Average Number of Common Shares Outstanding - Diluted	398.3					398.3
Earnings per Share Available to IPG Common Stockholders ⁽⁷⁾:						
Basic	\$ 1.51	\$ (0.13)	\$ 0.01	\$ (0.03)	\$ (0.14)	\$ 1.81
Diluted	\$ 1.49	\$ (0.13)	\$ 0.01	\$ (0.03)	\$ (0.14)	\$ 1.78

⁽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⁾ Restructuring charges of \$(2.4) in the first nine months of 2021 were related to adjustments to our restructuring actions taken in 2020, which were designed to reduce our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business.

⁽³⁾ Includes losses on complete dispositions of businesses and the classification of certain assets as held for sale, partially offset by a non-cash gain in the third quarter of 2021 related to the deconsolidation of a previously consolidated subsidiary in which we maintain an equity interest.

⁽⁴⁾ Consists of a loss related to the early extinguishment of our 4.000% unsecured senior notes due 2022, 3.750% unsecured senior notes due 2023 and half of our 4.200% unsecured senior notes due 2024.

⁽⁵⁾ Refer to non-GAAP Reconciliation of Adjusted EBITA before Restructuring Charges on slide 22.

⁽⁶⁾ Consists of non-operating expenses including interest expense, net and other expense, net.

⁽⁷⁾ Earnings per share may not add due to rounding.

⁽⁸⁾ \$ in Millions, except per share amounts

Reconciliation of Adjusted EBITA ⁽¹⁾

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net Revenue	\$ 2,261.7	\$ 1,954.6	\$ 6,559.0	\$ 5,780.1
Non-GAAP Reconciliation:				
Net Income Available to IPG Common Stockholders	\$ 239.9	\$ 279.7	\$ 594.9	\$ 238.8
Add Back:				
Provision for (Benefit of) Income Taxes	73.9	(86.3)	184.4	(50.1)
Subtract:				
Total (Expenses) and Other Income ⁽²⁾	(33.2)	(56.0)	(190.1)	(177.3)
Equity in Net Income (Loss) of Unconsolidated Affiliates	0.2	(0.4)	0.4	(0.6)
Net (Income) Loss Attributable to Non-controlling Interests	(4.7)	1.2	(9.9)	1.6
Operating Income	\$ 351.5	\$ 248.6	\$ 978.9	\$ 365.0
Add Back:				
Amortization of Acquired Intangibles	21.5	21.3	64.7	64.4
Adjusted EBITA	\$ 373.0	\$ 269.9	\$ 1,043.6	\$ 429.4
Adjusted EBITA Margin on Net Revenue %	16.5 %	13.8 %	15.9 %	7.4 %
Restructuring Charges ⁽³⁾				
Restructuring Charges ⁽³⁾	\$ (3.5)	\$ 47.3	\$ (2.4)	\$ 159.9
Adjusted EBITA before Restructuring Charges	\$ 369.5	\$ 317.2	\$ 1,041.2	\$ 589.3
Adjusted EBITA before Restructuring Charges Margin on Net Revenue %	16.3 %	16.2 %	15.9 %	10.2 %

⁽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⁾ Includes a loss of \$74.0 on early extinguishment of debt in the first quarter of 2021 and a non-cash gain in the third quarter of 2021 related to the deconsolidation of a previously consolidated subsidiary in which we maintain an equity interest.

⁽³⁾ Restructuring charges of \$(3.5) and \$(2.4) in the third quarter and first nine months of 2021, respectively, were related to adjustments to our restructuring actions taken in 2020, which were designed to reduce our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business.

(\$ in Millions)

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 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 Non-controlling Interests	1.2					1.2
Net Income Available to IPG Common Stockholders	\$ 279.7	\$ (17.0)	(36.5)	\$ (6.5)	\$ 132.6	\$ 207.1
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	393.9					393.9
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⁾ 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 page 22.

⁽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)

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 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 Non-controlling Interests	1.6					1.6
Net Income Available to IPG Common Stockholders	\$ 238.8	\$ (51.7)	\$ (123.7)	\$ (48.8)	\$ 122.6	\$ 340.4
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	392.6					392.6
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⁾ 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 22.

⁽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)



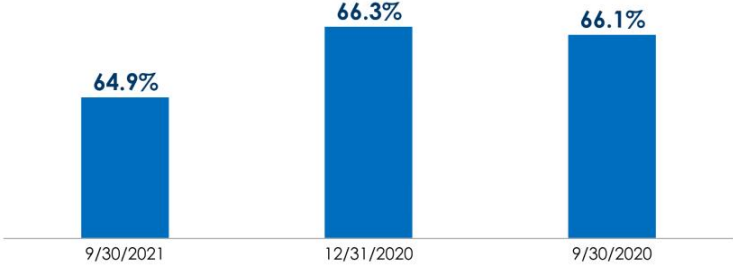
Metrics Update

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 Facility Covenant
	Incentive Expense	All Other Office and Other Direct Expenses	
	Severance Expense		
	Temporary Help		

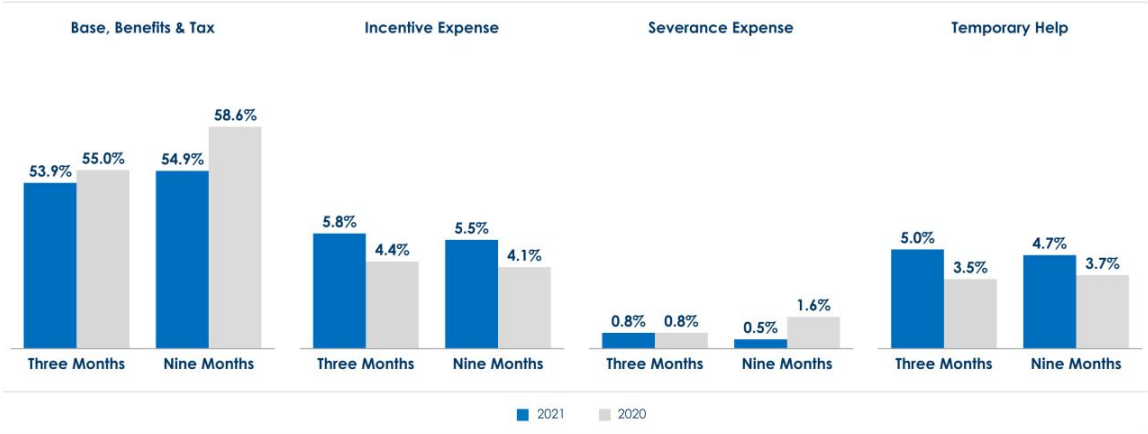
Salaries & Related Expenses

% of Net Revenue, Trailing Twelve Months



Salaries & Related Expenses (% of Net Revenue)

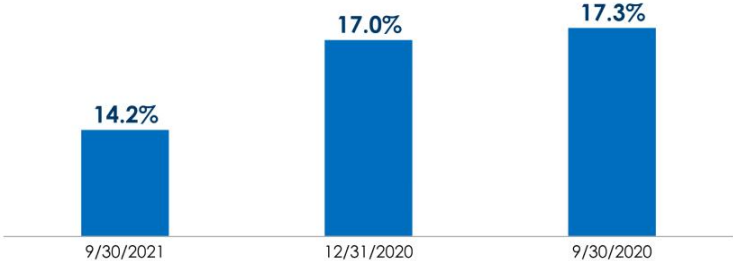
Three and Nine Months Ended September 30



All Other Salaries & Related, not shown, was 1.3% for both the three months ended September 30, 2021 and 2020, and 1.3% and 1.2% for the nine months ended September 30, 2021 and 2020, respectively.

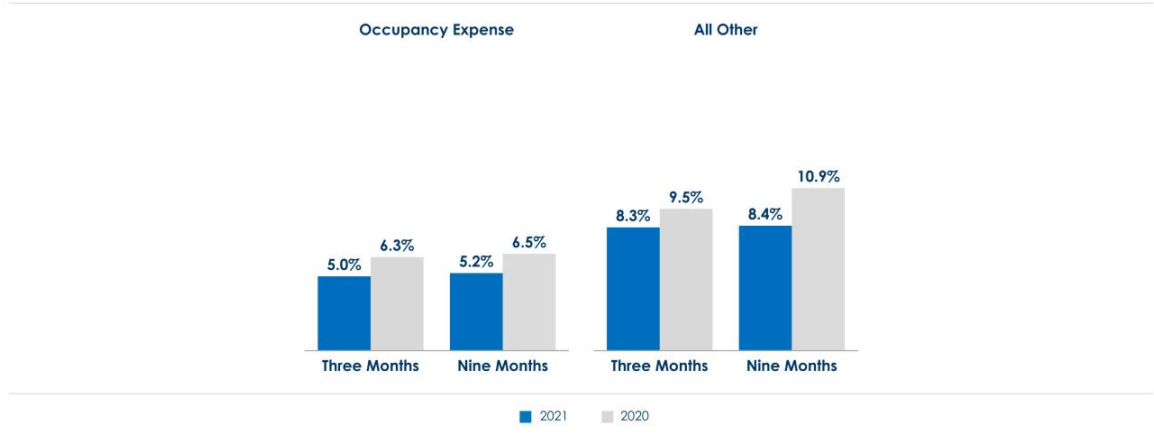
Office & Other Direct Expenses

% of Net Revenue, Trailing Twelve Months



Office & Other Direct Expenses (% of Net Revenue)

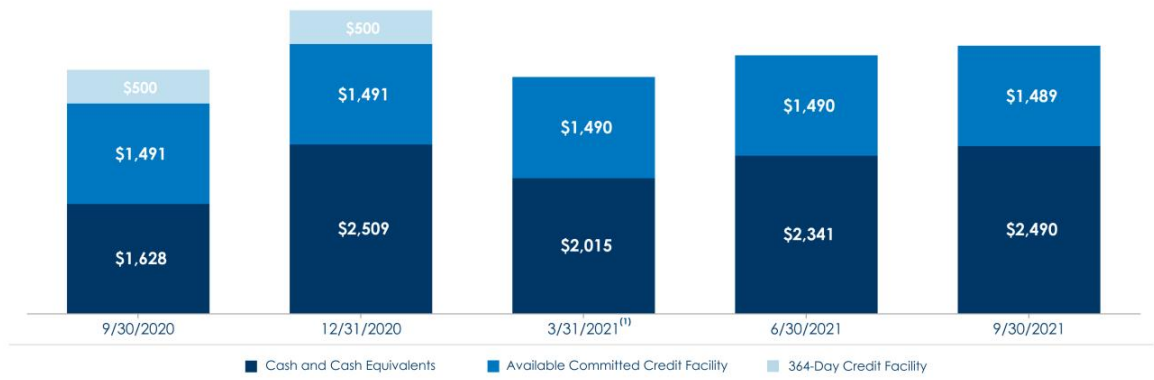
Three and Nine Months Ended September 30



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⁾ The 364-day revolving credit facility matured in March 2021.
(\$ in Millions)

Credit Facility Covenant⁽¹⁾

Financial Covenant	Four Quarters Ended September 30, 2021
Leverage Ratio (not greater than) ^{(2) (3)}	3.50x
Actual Leverage Ratio	2.01x
CREDIT AGREEMENT EBITDA RECONCILIATION:	Four Quarters Ended September 30, 2021
Net Income Available to IPG Common Stockholders	\$ 707.2
+ Non-Operating Adjustments ⁽⁴⁾	495.1
Operating Income	\$ 1,202.3
+ Depreciation and Amortization	387.1
+ Other Non-cash Charges Reducing Operating Income	131.6
Credit Agreement EBITDA⁽²⁾:	\$ 1,721.0

⁽¹⁾ The leverage ratio financial covenant applies to our committed corporate credit facility, amended and restated as of November 1, 2019 (the "Credit Agreement").

⁽²⁾ The leverage ratio is defined as debt as of the last day of such fiscal quarter (b) EBITDA (as defined in the Credit Agreement) for the four quarters then ended.

⁽³⁾ Pursuant to Amendment No. 1 to the Credit Agreement, our maximum leverage ratio covenant decreased from 4.25x to 3.50x as of the quarter ended September 30, 2021.

⁽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 (loss) of unconsolidated affiliates, and net (income) less attributable to non-controlling 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 impacts of the COVID-19 pandemic and, the measures to contain its spread, including social distancing efforts and restrictions on businesses, social activities and travel, any failure to realize anticipated benefits from the rollout of COVID-19 vaccination campaigns and the resulting impact on the economy, our clients 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, including laws and regulations related to data protection and consumer privacy; and
- failure to fully realize the anticipated benefits of our 2020 restructuring actions and other cost-saving initiatives.

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.

