



THIRD QUARTER 2019  
EARNINGS CONFERENCE CALL

Interpublic Group  
October 22, 2019

# Overview - Third Quarter 2019

- Net revenue growth was 8.7%, and organic growth of net revenue was 1.4%
  - U.S. organic change was (0.6%)
  - International organic growth was +4.5%
- Operating income was \$280.3 million and EBITA was \$302.0 million, an 8.7% increase over adjusted EBITA a year ago
- EBITA margin was 14.7%, the same level as adjusted EBITA margin in Q3-18
- Diluted EPS was \$0.42, and was \$0.49 as adjusted compared with \$0.49 as adjusted a year ago
- Total debt was \$3.6 billion on 9/30/19, a decrease of \$200 million during the quarter

"Organic growth" refers exclusively to the organic change of net revenue. Adjusted diluted EPS is adjusted for amortization of acquired intangibles and sales of businesses. See reconciliation of organic net revenue change on page 17 and adjusted non-GAAP reconciliations on pages 19 and 21.

# Operating Performance

(Amounts in Millions,  
except per share amounts)

	Three Months Ended September 30,			
	2019		2018	
<i>Net Revenue</i>	\$	2,061.4	\$	1,895.7
Billable Expenses		376.7		401.8
<i>Total Revenue</i>		2,438.1		2,297.5
Salaries and Related Expenses		1,334.4		1,251.4
Office and Other Direct Expenses		367.9		317.0
Billable Expenses		376.7		401.8
Cost of Services		2,079.0		1,970.2
Selling, General and Administrative Expenses <sup>(1)</sup>		9.8		21.6
Depreciation and Amortization		69.0		44.0
<i>Operating Income</i>		280.3		261.7
Interest Expense, net <sup>(1)</sup>		(40.2)		(22.3)
Other Expense, net <sup>(1)</sup>		(7.4)		(15.3)
<i>Income Before Income Taxes</i>		232.7		224.1
Provision for Income Taxes		64.6		60.7
Equity in Net Income of Unconsolidated Affiliates		0.3		0.1
<i>Net Income</i>		168.4		163.5
Net Income Attributable to Noncontrolling Interests		(2.8)		(2.5)
<i>Net Income Available to IPG Common Stockholders</i>	\$	165.6	\$	161.0
<i>Earnings per Share Available to IPG Common Stockholders - Basic</i>	\$	0.43	\$	0.42
<i>Earnings per Share Available to IPG Common Stockholders - Diluted</i>	\$	0.42	\$	0.41
<i>Weighted-Average Number of Common Shares Outstanding - Basic</i>		386.7		382.6
<i>Weighted-Average Number of Common Shares Outstanding - Diluted</i>		391.8		388.4
<i>Dividends Declared per Common Share</i>	\$	0.235	\$	0.210

<sup>(1)</sup> Three months ended September 30, 2018 includes expense related to Acxiom transaction costs of \$11.0 in Selling, General and Administrative Expenses, \$3.3 in Interest Expense, net and \$10.3 in Other Expense, net.

# Net Revenue

(\$ in Millions)

	Three Months Ended		Nine Months Ended	
	\$	% Change	\$	% Change
<b>September 30, 2018</b>	<b>\$ 1,895.7</b>		<b>\$ 5,617.9</b>	
Total change	165.7	8.7%	574.2	10.2%
Foreign currency	(23.9)	(1.3%)	(119.1)	(2.1%)
Net acquisitions/(divestitures)	163.6	8.6%	495.3	8.8%
Organic	<b>26.0</b>	<b>1.4%</b>	<b>198.0</b>	<b>3.5%</b>
<b>September 30, 2019</b>	<b>\$ 2,061.4</b>		<b>\$ 6,192.1</b>	

	Three Months Ended September 30,				Nine Months Ended September 30,			
			Change				Change	
	2019	2018	Organic	Total	2019	2018	Organic	Total
<b>IAN</b>	\$ 1,743.9	\$ 1,580.5	1.2%	10.3%	\$ 5,260.9	\$ 4,690.9	3.8%	12.2%
<b>CMG</b>	\$ 317.5	\$ 315.2	2.1%	0.7%	\$ 931.2	\$ 927.0	2.0%	0.5%

See reconciliation of segment organic net revenue change on pages 17-18.

# Geographic Net Revenue Change

	Three Months Ended September 30, 2019		Nine Months Ended September 30, 2019	
	Organic	Total	Organic	Total
United States	(0.6%)	13.1%	1.8%	15.8%
International	4.5%	1.9%	6.2%	1.6%
United Kingdom	0.5%	(1.1%)	3.6%	1.9%
Continental Europe	6.6%	2.4%	7.8%	1.3%
Asia Pacific	(0.5%)	(2.7%)	1.0%	(2.6%)
Latin America	23.0%	16.4%	24.0%	12.6%
All Other Markets	3.5%	3.2%	4.5%	1.0%
<b>Worldwide</b>	<b>1.4%</b>	<b>8.7%</b>	<b>3.5%</b>	<b>10.2%</b>

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

See reconciliation of organic net revenue change on pages 17-18.

# Operating Expenses

(\$ in Millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	% Increase / (Decrease)	2019	2018	% Increase/ (Decrease)
Salaries & Related	\$ 1,334.4	\$ 1,251.4	6.6%	\$ 4,136.7	\$ 3,874.6	6.8%
<i>% of Net Revenue</i>	64.7%	66.0%		66.8%	69.0%	
Office & Other Direct	367.9	317.0	16.1%	1,144.4	974.1	17.5%
<i>% of Net Revenue</i>	17.8%	16.7%		18.5%	17.3%	
Selling, General & Administrative <sup>(1)</sup>	9.8	21.6	(54.6)%	69.3	85.5	(18.9)%
<i>% of Net Revenue</i>	0.5%	1.1%		1.1%	1.5%	
Depreciation <sup>(2)</sup>	47.3	38.9	21.6%	148.5	118.4	25.4%
<i>% of Net Revenue</i>	2.2%	2.1%		2.4%	2.1%	
Amortization of Acquired Intangibles <sup>(2)</sup>	21.7	5.1	325.5%	64.6	15.6	314.1%
<i>% of Net Revenue</i>	1.1%	0.2%		1.0%	0.3%	
Restructuring	0.0	—	N/A	33.9	—	N/A
<i>% of Net Revenue</i>	0.0%	N/A		0.5%	N/A	

<sup>(1)</sup> For the three and nine months ended September 30, 2019, the decrease was primarily attributable to lower professional fees, mainly driven by transaction costs of \$11.0 or 0.6% and \$12.4 or 0.2%, respectively, related to the acquisition of Acxiom in 2018.

<sup>(2)</sup> For the three months ended September 30, 2019, depreciation and amortization from Acxiom was \$11.3 and \$17.0, respectively. For the nine months ended September 30, 2019, depreciation and amortization from Acxiom was \$31.6 and \$50.3, respectively.

# Adjusted Diluted Earnings Per Share

(Amounts in Millions,  
except per share amounts)

	Three Months Ended September 30, 2019			
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Adjusted Results
<b>Operating Income and EBITA</b>	\$ 280.3	\$ (21.7)		\$ 302.0
Total (Expenses) and Other Income	(47.6)		\$ (7.7)	(39.9)
Income Before Income Taxes	232.7	(21.7)	(7.7)	262.1
Provision for Income Taxes	64.6	4.2		68.8
Equity in Net Income of Unconsolidated Affiliates	0.3			0.3
Net Income Attributable to Noncontrolling Interests	(2.8)			(2.8)
<b><u>Diluted EPS Components:</u></b>				
<b>Net Income Available to IPG Common Stockholders</b>	\$ 165.6	\$ (17.5)	\$ (7.7)	\$ 190.8
Weighted-Average Number of Common Shares Outstanding	391.8			391.8
<b>Earnings per Share Available to IPG Common Stockholders:</b>	\$ 0.42	\$ (0.04)	\$ (0.02)	\$ 0.49

See full reconciliation of adjusted non-GAAP diluted earnings per share on page 19.

Earnings per share may not add due to rounding.

# Adjusted Diluted Earnings Per Share

(Amounts in Millions,  
except per share amounts)

## Nine Months Ended September 30, 2019

	As Reported	Amortization of Acquired Intangibles	Q1 2019 Restructuring Charges	Net Losses on Sales of Businesses	Settlement of Certain Tax Positions	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 594.7	\$ (64.6)	\$ (31.8)			\$ 691.1
Total (Expenses) and Other Income	(144.2)			\$ (22.3)		(121.9)
Income Before Income Taxes	450.5	(64.6)	(31.8)	(22.3)		569.2
Provision for Income Taxes	118.7	12.6	7.6		\$ 13.9	152.8
Equity in Net Loss of Unconsolidated Affiliates	(0.1)					(0.1)
Net Income Attributable to Noncontrolling Interests	(4.6)					(4.6)
<b>Diluted EPS Components:</b>						
<b>Net Income Available to IPG Common Stockholders</b>	\$ 327.1	\$ (52.0)	\$ (24.2)	\$ (22.3)	\$ 13.9	\$ 411.7
Weighted-Average Number of Common Shares Outstanding	390.3					390.3
<b>Earnings per Share Available to IPG Common Stockholders:</b>	\$ 0.84	\$ (0.13)	\$ (0.06)	\$ (0.06)	\$ 0.04	\$ 1.05

See full reconciliation of adjusted non-GAAP diluted earnings per share on page 20.

Earnings per share may not add due to rounding.



# Cash Flow

(\$ in Millions)

	Three Months Ended September 30,	
	2019	2018
<b>NET INCOME</b>	\$ 168.4	\$ 163.5
<b>OPERATING ACTIVITIES</b>		
Depreciation & amortization	85.6	59.2
Deferred taxes	1.5	8.1
Net losses on sales of businesses	7.7	5.8
Other non-cash items	0.4	5.6
Change in working capital, net	(47.2)	(29.8)
Change in operating lease right-of-use assets and lease liabilities	(1.2)	—
Change in other non-current assets & liabilities	9.4	18.6
<b>Net cash provided by in Operating Activities</b>	<b>224.6</b>	<b>231.0</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(53.7)	(44.2)
Acquisitions, net of cash acquired	—	(3.5)
Other investing activities	10.9	(11.3)
<b>Net cash used in Investing Activities</b>	<b>(42.8)</b>	<b>(59.0)</b>
<b>FINANCING ACTIVITIES</b>		
Net increase (decrease) in short-term borrowings	40.8	(673.9)
Exercise of stock options	3.6	2.1
Proceeds from long-term debt <sup>(1)</sup>	—	1,994.2
Repurchases of common stock	—	(2.6)
Repayment of long-term debt	(200.1)	(0.2)
Common stock dividends	(90.8)	(80.4)
Acquisition-related payments	(2.3)	(14.4)
Distributions to noncontrolling interests	(4.3)	(2.8)
Tax payments for employee shares withheld	(0.3)	(0.8)
Other financing activities	0.1	(11.6)
<b>Net cash (used in) provided by Financing Activities</b>	<b>(253.3)</b>	<b>1,209.6</b>
Currency effect	(21.4)	(7.8)
<b>Net (decrease) increase in cash, cash equivalents and restricted cash</b>	<b>\$ (92.9)</b>	<b>\$ 1,373.8</b>

<sup>(1)</sup> Relates to proceeds from our September 2018 debt issuance of \$2,000 aggregate principal amount of Senior Notes to finance the Axiom acquisition.

# Balance Sheet – Current Portion

(\$ in Millions)

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 520.5	\$ 673.4	\$ 1,860.2
Accounts receivable, net	4,047.8	5,126.6	4,009.1
Accounts receivable, billable to clients	2,018.7	1,900.6	1,995.9
Assets held for sale	22.8	5.7	5.7
Other current assets	440.2	476.6	459.6
<b>Total current assets</b>	<b>\$ 7,050.0</b>	<b>\$ 8,182.9</b>	<b>\$ 8,330.5</b>
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 5,656.0	\$ 6,698.1	\$ 5,515.1
Accrued liabilities	634.3	806.9	571.0
Contract liabilities	562.4	533.9	514.4
Short-term borrowings <sup>(1)</sup>	244.8	73.7	82.6
Current portion of long-term debt	3.3	0.1	0.1
Liabilities held for sale	36.0	11.2	8.5
Current portion of operating leases <sup>(2)</sup>	261.6	—	—
<b>Total current liabilities</b>	<b>\$ 7,398.4</b>	<b>\$ 8,123.9</b>	<b>\$ 6,691.7</b>

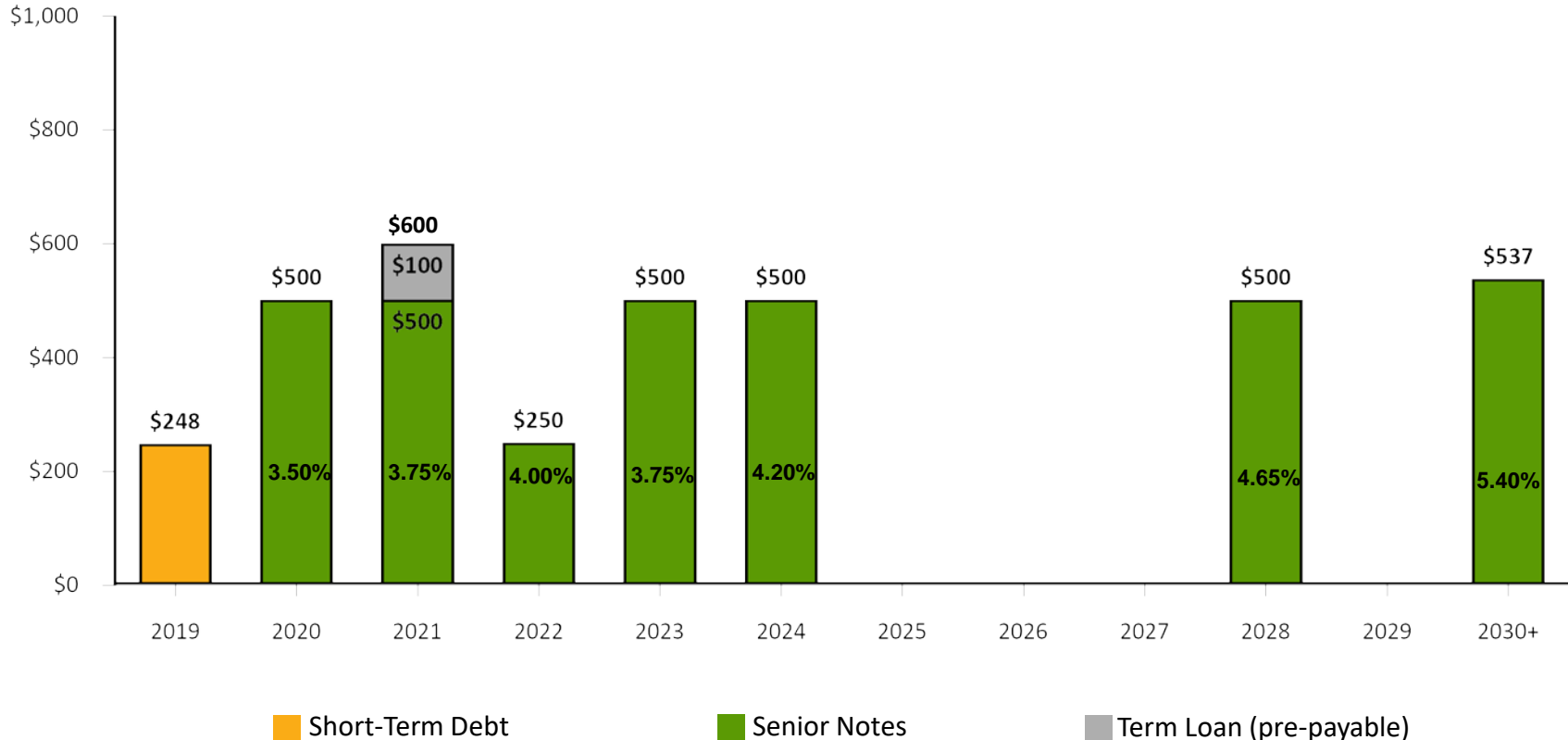
<sup>(1)</sup> Increase primarily attributable to issuance of commercial paper.

<sup>(2)</sup> Increase from prior periods is due to adoption of new lease accounting standard.

# Debt Maturity Schedule

(\$ in Millions)

Total Debt = \$3.6 billion



Senior Notes shown at face value on September 30, 2019

# Summary

- Foundation for sustained value creation in top talent, strong agency brands and key strategic initiatives
  - Quality of our agency offerings
  - Integrated digital and digital specialists
  - "Open architecture" solutions
  - Data management at scale
- Continued focus on growth and margin improvement
- Effective expense management an ongoing priority
- Financial strength an ongoing source of value creation
  - Maintain our strong balance sheet
  - Focus on debt deleveraging
  - Continue to grow our common share dividend
  - Return to share repurchases when appropriate



Interpublic Group

# Appendix

# Operating Performance

(Amounts in Millions,  
except per share amounts)

	Nine Months Ended September 30,	
	2019	2018
<b>Net Revenue</b>	\$ 6,192.1	\$ 5,617.9
Billable Expenses	1,127.4	1,240.5
<b>Total Revenue</b>	<b>7,319.5</b>	<b>6,858.4</b>
Salaries and Related Expenses	4,136.7	3,874.6
Office and Other Direct Expenses	1,144.4	974.1
Billable Expenses	1,127.4	1,240.5
Cost of Services	6,408.5	6,089.2
Selling, General and Administrative Expenses <sup>(1)</sup>	69.3	85.5
Depreciation and Amortization	213.1	134.0
Restructuring Charges	33.9	0.0
<b>Operating Income</b>	<b>594.7</b>	<b>549.7</b>
Interest Expense, net <sup>(1)</sup>	(126.1)	(59.6)
Other Expense, net <sup>(1)</sup>	(18.1)	(56.0)
<b>Income Before Income Taxes</b>	<b>450.5</b>	<b>434.1</b>
Provision for Income Taxes	118.7	137.0
Equity in Net Loss of Unconsolidated Affiliates	(0.1)	(1.9)
<b>Net Income</b>	<b>331.7</b>	<b>295.2</b>
Net Income Attributable to Noncontrolling Interests	(4.6)	(2.5)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 327.1</b>	<b>\$ 292.7</b>
<i>Earnings per Share Available to IPG Common Stockholders - Basic</i>	\$ 0.85	\$ 0.76
<i>Earnings per Share Available to IPG Common Stockholders - Diluted</i>	\$ 0.84	\$ 0.75
<i>Weighted-Average Number of Common Shares Outstanding - Basic</i>	385.8	383.2
<i>Weighted-Average Number of Common Shares Outstanding - Diluted</i>	390.3	388.4
<i>Dividends Declared per Common Share</i>	\$ 0.705	\$ 0.630

<sup>(1)</sup> Nine months ended September 30, 2018 includes expense related to Acxiom transaction costs of \$12.4 in Selling, General and Administrative Expenses, \$3.3 in Interest Expense, net and \$10.3 in Other Expense, net.

# Cash Flow

(\$ in Millions)

	Nine Months Ended September 30,	
	2019	2018
<b>NET INCOME</b>	\$ 331.7	\$ 295.2
<b>OPERATING ACTIVITIES</b>		
Depreciation & amortization	278.4	197.9
Deferred taxes	(1.5)	(22.9)
Net losses on sales of businesses	19.5	50.0
Other non-cash items	9.2	13.6
Change in working capital, net	(160.3)	(867.3)
Change in operating lease right-of-use assets and lease liabilities	2.8	—
Change in other non-current assets & liabilities	(56.2)	6.8
<b>Net cash provided by (used in) Operating Activities</b>	<b>423.6</b>	<b>(326.7)</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(133.8)	(105.7)
Acquisitions, net of cash acquired	(0.6)	(12.0)
Other investing activities	13.7	1.1
<b>Net cash used in Investing Activities</b>	<b>(120.7)</b>	<b>(116.6)</b>
<b>FINANCING ACTIVITIES</b>		
Net increase (decrease) in short-term borrowings	173.1	(4.6)
Exercise of stock options	4.2	9.1
Proceeds from long-term debt <sup>(1)</sup>	—	1,994.2
Repurchases of common stock	—	(117.1)
Repayment of long-term debt	(300.2)	(4.9)
Common stock dividends	(272.2)	(241.6)
Tax payments for employee shares withheld	(22.3)	(28.8)
Acquisition-related payments	(15.3)	(30.4)
Distributions to noncontrolling interests	(12.4)	(13.4)
Other financing activities	0.1	(11.9)
<b>Net cash (used in) provided by Financing Activities</b>	<b>(445.0)</b>	<b>1,550.6</b>
Currency effect	(11.1)	(35.3)
<b>Net (decrease) increase in cash, cash equivalents and restricted cash</b>	<b>\$ (153.2)</b>	<b>\$ 1,072.0</b>

<sup>(1)</sup> Relates to proceeds from our September 2018 debt issuance of \$2,000 aggregate principal amount of Senior Notes to finance the Acxiom acquisition.

# Depreciation and Amortization

(\$ in Millions)

	2019				
	Q1	Q2	Q3	Q4	YTD 2019
Depreciation <sup>(1)</sup>	\$ 49.5	\$ 51.7	\$ 47.3		\$ 148.5
Amortization of acquired intangibles <sup>(1)</sup>	21.6	21.3	21.7		64.6
Amortization of restricted stock and other non-cash compensation	28.2	15.9	14.2		58.3
Net amortization of bond discounts and deferred financing costs	2.3	2.3	2.4		7.0

	2018				
	Q1	Q2	Q3	Q4	FY 2018
Depreciation	\$ 40.7	\$ 38.8	\$ 38.9	\$ 46.9	\$ 165.3
Amortization of acquired intangibles	5.3	5.2	5.1	22.0	37.6
Amortization of restricted stock and other non-cash compensation	30.0	16.0	13.7	22.5	82.2
Net amortization of bond discounts and deferred financing costs	1.4	1.3	1.5	2.3	6.5

<sup>(1)</sup> For the three months ended September 30, 2019, depreciation and amortization from Acxiom was \$11.3 and \$17.0, respectively. For the nine months ended September 30, 2019, depreciation and amortization from Acxiom was \$31.6 and \$50.3, respectively.



# Reconciliation of Organic Net Revenue

(\$ in Millions)

Segment	Three Months Ended September 30, 2018	Components of Change			Three Months Ended September 30, 2019	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
IAN	\$ 1,580.5	\$ (20.0)	\$ 163.9	\$ 19.5	\$ 1,743.9	1.2%	10.3%
CMG	315.2	(3.9)	(0.3)	6.5	317.5	2.1%	0.7%
<b>Total</b>	<b>\$ 1,895.7</b>	<b>\$ (23.9)</b>	<b>\$ 163.6</b>	<b>\$ 26.0</b>	<b>\$ 2,061.4</b>	<b>1.4%</b>	<b>8.7%</b>
<b>Geographic</b>							
<b>United States</b>	<b>\$ 1,160.9</b>	<b>\$ 0.0</b>	<b>\$ 159.2</b>	<b>\$ (7.1)</b>	<b>\$ 1,313.0</b>	<b>(0.6%)</b>	<b>13.1%</b>
<b>International</b>	<b>734.8</b>	<b>(23.9)</b>	<b>4.4</b>	<b>33.1</b>	<b>748.4</b>	<b>4.5%</b>	<b>1.9%</b>
United Kingdom	174.0	(9.0)	6.3	0.8	172.1	0.5%	(1.1%)
Continental Europe	152.0	(5.9)	(0.4)	10.0	155.7	6.6%	2.4%
Asia Pacific	210.6	(3.5)	(1.1)	(1.0)	205.0	(0.5%)	(2.7%)
Latin America	84.0	(5.2)	(0.3)	19.3	97.8	23.0%	16.4%
All Other Markets	114.2	(0.3)	(0.1)	4.0	117.8	3.5%	3.2%
<b>Worldwide</b>	<b>\$ 1,895.7</b>	<b>\$ (23.9)</b>	<b>\$ 163.6</b>	<b>\$ 26.0</b>	<b>\$ 2,061.4</b>	<b>1.4%</b>	<b>8.7%</b>

# Reconciliation of Organic Net Revenue

(\$ in Millions)

Segment	Nine Months Ended September 30, 2018	Components of Change			Nine Months Ended September 30, 2019	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
IAN	\$ 4,690.9	\$ (102.7)	\$ 492.8	\$ 179.9	\$ 5,260.9	3.8%	12.2%
CMG	927.0	(16.4)	2.5	18.1	931.2	2.0%	0.5%
<b>Total</b>	<b>\$ 5,617.9</b>	<b>\$ (119.1)</b>	<b>\$ 495.3</b>	<b>\$ 198.0</b>	<b>\$ 6,192.1</b>	<b>3.5%</b>	<b>10.2%</b>
<b>Geographic</b>							
<b>United States</b>	<b>\$ 3,424.7</b>	<b>\$ 0.0</b>	<b>\$ 478.4</b>	<b>\$ 61.7</b>	<b>\$ 3,964.8</b>	<b>1.8%</b>	<b>15.8%</b>
<b>International</b>	<b>2,193.2</b>	<b>(119.1)</b>	<b>16.9</b>	<b>136.3</b>	<b>2,227.3</b>	<b>6.2%</b>	<b>1.6%</b>
United Kingdom	513.2	(29.7)	20.8	18.5	522.8	3.6%	1.9%
Continental Europe	489.4	(30.6)	(1.4)	38.4	495.8	7.8%	1.3%
Asia Pacific	603.6	(23.0)	1.2	6.3	588.1	1.0%	(2.6%)
Latin America	239.9	(25.7)	(1.5)	57.5	270.2	24.0%	12.6%
All Other Markets	347.1	(10.1)	(2.2)	15.6	350.4	4.5%	1.0%
<b>Worldwide</b>	<b>\$ 5,617.9</b>	<b>\$ (119.1)</b>	<b>\$ 495.3</b>	<b>\$ 198.0</b>	<b>\$ 6,192.1</b>	<b>3.5%</b>	<b>10.2%</b>

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

(Amounts in Millions,  
except per share amounts)

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

<sup>(1)</sup> The following 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.

Earnings per share may not add due to rounding.

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

(Amounts in Millions,  
except per share amounts)

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

(1) The following 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.

Earnings per share may not add due to rounding.

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

(\$ in Millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Net Revenue</b>	\$ 2,061.4	\$ 1,895.7	\$ 6,192.1	\$ 5,617.9
<b>EBITA Reconciliation:</b>				
<b>Net Income Available to IPG Common Stockholders</b>	\$ 165.6	\$ 161.0	\$ 327.1	\$ 292.7
Add Back:				
Provision for Income Taxes	64.6	60.7	118.7	137.0
Subtract:				
Total (Expenses) and Other Income	(47.6)	(37.6)	(144.2)	(115.6)
Equity in Net Income (Loss) of Unconsolidated Affiliates	0.3	0.1	(0.1)	(1.9)
Net Income Attributable to Noncontrolling Interests	(2.8)	(2.5)	(4.6)	(2.5)
<b>Operating Income</b>	<b>280.3</b>	<b>261.7</b>	<b>594.7</b>	<b>549.7</b>
Add Back:				
Amortization of Acquired Intangibles	21.7	5.1	64.6	15.6
<b>EBITA</b>	<b>\$ 302.0</b>	<b>\$ 266.8</b>	<b>\$ 659.3</b>	<b>\$ 565.3</b>
<i>EBITA Margin on Net Revenue %</i>	<i>14.7%</i>	<i>14.1%</i>	<i>10.6%</i>	<i>10.1%</i>
Q1 2019 Restructuring Charges	—	—	31.8	—
Axiom Transaction Costs	—	11.0	—	12.4
<b>Adjusted EBITA</b>	<b>\$ 302.0</b>	<b>\$ 277.8</b>	<b>\$ 691.1</b>	<b>\$ 577.7</b>
<i>Adjusted EBITA Margin on Net Revenue %</i>	<i>14.7%</i>	<i>14.7%</i>	<i>11.2%</i>	<i>10.3%</i>

<sup>(1)</sup> The following 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.

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

(Amounts in Millions,  
except per share amounts)

	Three Months Ended September 30, 2018				
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Axiom Transaction Costs	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 261.7	\$ (5.1)		\$ (11.0)	\$ 277.8
Total (Expenses) and Other Income	(37.6)		\$ (5.8)	(13.6)	(18.2)
Income Before Income Taxes	224.1	(5.1)	(5.8)	(24.6)	259.6
Provision for Income Taxes	60.7	0.2	0.7	6.2	67.8
Equity in Net Income of Unconsolidated Affiliates	0.1				0.1
Net Income Attributable to Noncontrolling Interests	(2.5)				(2.5)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 161.0</b>	<b>\$ (4.9)</b>	<b>\$ (5.1)</b>	<b>\$ (18.4)</b>	<b>\$ 189.4</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	382.6				382.6
Dilutive effect of stock options and restricted shares	5.8				5.8
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>388.4</b>				<b>388.4</b>
<b>Earnings Per Share Available to IPG Common Stockholders:</b>					
Basic	\$ 0.42	\$ (0.01)	\$ (0.01)	\$ (0.05)	\$ 0.49
Diluted	\$ 0.41	\$ (0.01)	\$ (0.01)	\$ (0.05)	\$ 0.49

(1) The following 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.

Earnings per share may not add due to rounding.

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

(Amounts in Millions,  
except per share amounts)

	Nine Months Ended September 30, 2018				
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Axiom Transaction Costs	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 549.7	\$ (15.6)		\$ (12.4)	\$ 577.7
Total (Expenses) and Other Income	(115.6)		\$ (50.0)	(13.6)	(52.0)
Income Before Income Taxes	434.1	(15.6)	(50.0)	(26.0)	525.7
Provision for Income Taxes	137.0	0.6	1.1	6.5	145.2
Equity in Net Loss of Unconsolidated Affiliates	(1.9)				(1.9)
Net Income Attributable to Noncontrolling Interests	(2.5)				(2.5)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 292.7</b>	<b>\$ (15.0)</b>	<b>\$ (48.9)</b>	<b>\$ (19.5)</b>	<b>\$ 376.1</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	383.2				383.2
Dilutive effect of stock options and restricted shares	5.2				5.2
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>388.4</b>				<b>388.4</b>
<b>Earnings Per Share Available to IPG Common Stockholders:</b>					
Basic	\$ 0.76	\$ (0.04)	\$ (0.13)	\$ (0.05)	\$ 0.98
Diluted	\$ 0.75	\$ (0.04)	\$ (0.13)	\$ (0.05)	\$ 0.97

(1) The following 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.

Earnings per share may not add due to rounding.



Interpublic Group

# Metrics Update

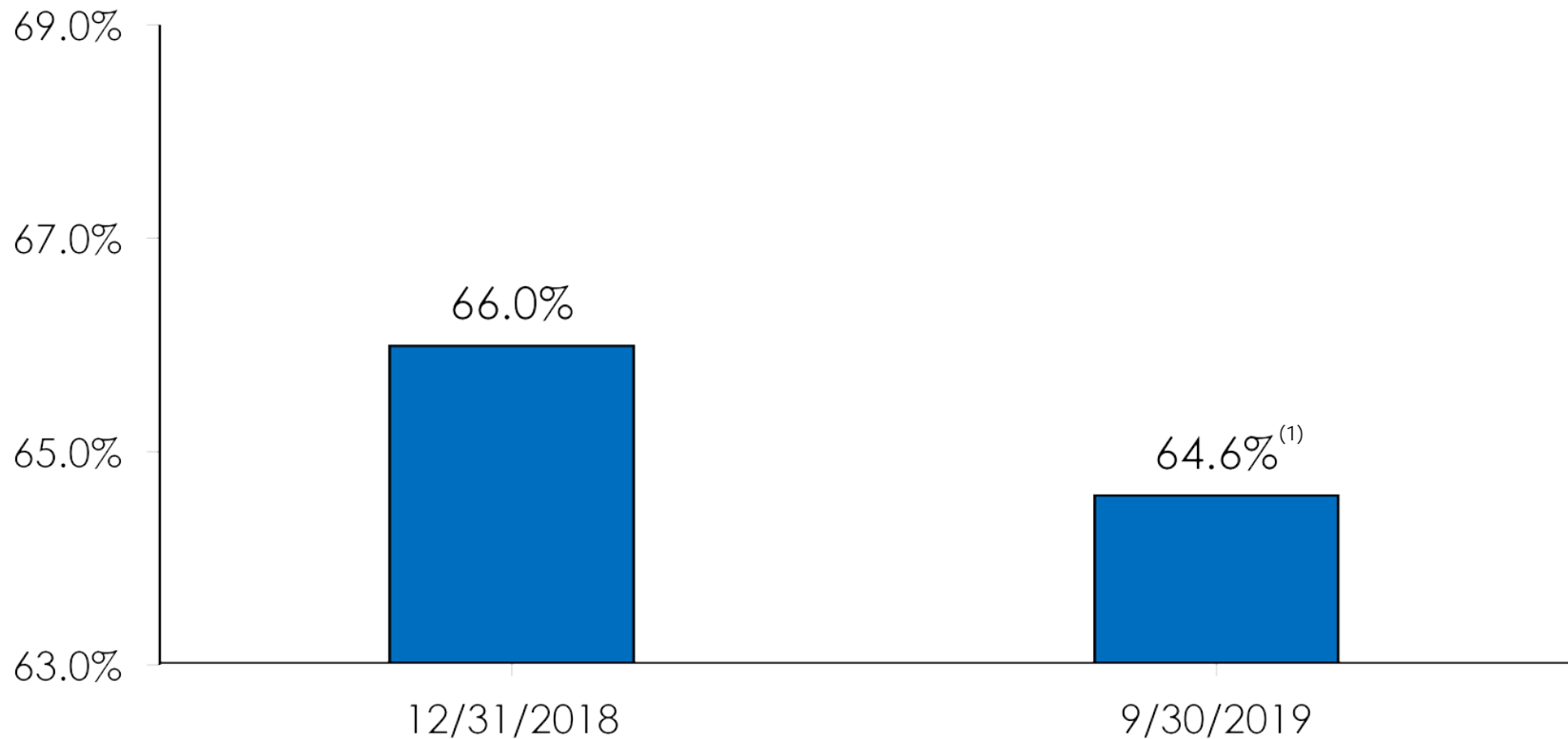


# Metrics Update

<b>Category</b>	<b>Metric</b>
SALARIES & RELATED (% of net revenue)	Trailing Twelve Months Base, Benefits & Tax Incentive Expense Severance Expense Temporary Help
OFFICE & OTHER DIRECT (% of net revenue)	Trailing Twelve Months Occupancy Expense All Other Office and Other Direct Expenses
FINANCIAL	Available Liquidity Credit Facility and Term Loan Covenants

# Salaries & Related Expenses

## % of Net Revenue, Trailing Twelve Months



<sup>(1)</sup> Contributing to the improved ratio is the inclusion Acxiom, which has a lower ratio of salaries and related expenses as a percentage of its net revenue.

# Salaries & Related Expenses (% of Net Revenue)

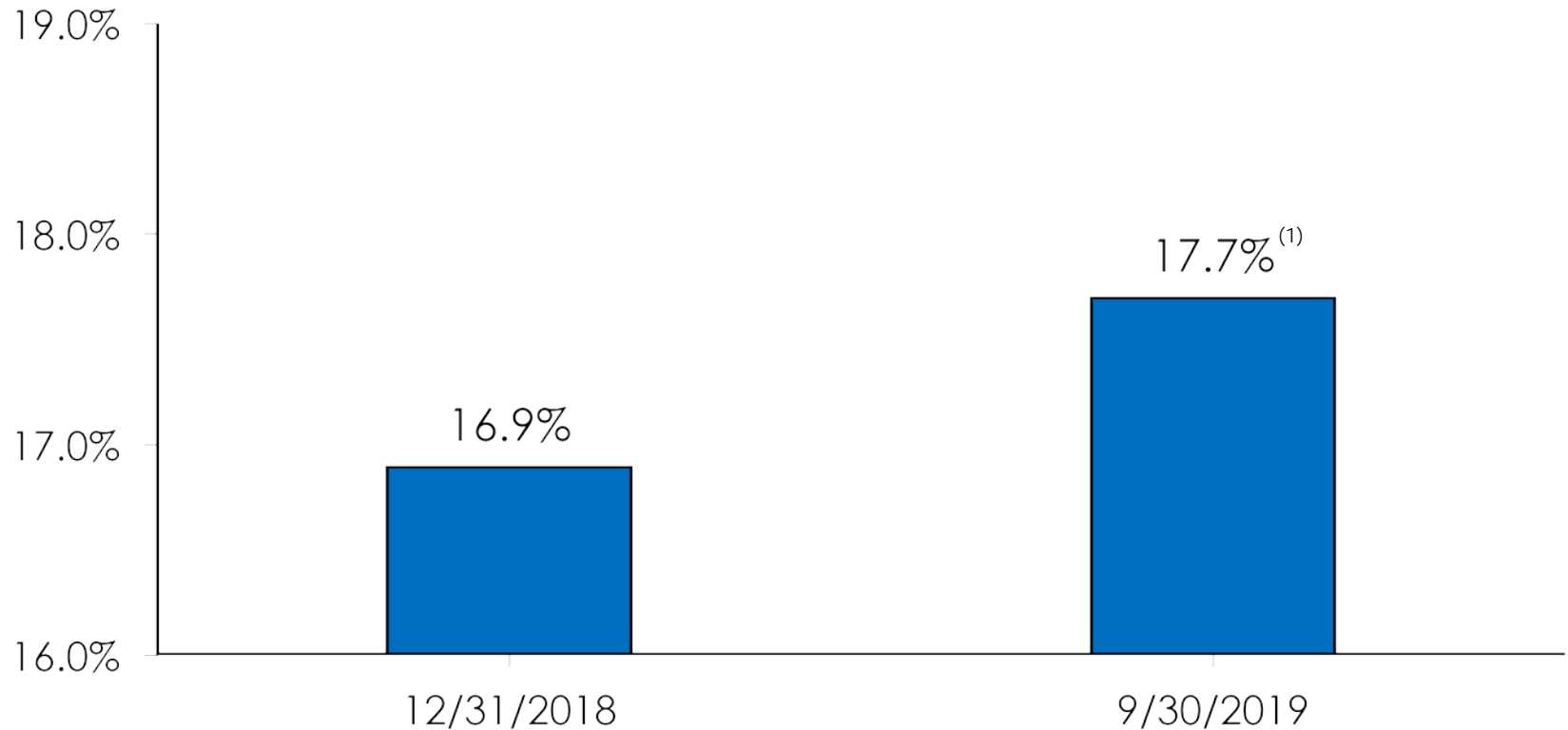
## Three and Nine Months Ended September 30



"All Other Salaries & Related," not shown, was 1.4% and 1.5% for the three months ended September 30, 2019 and 2018, respectively, and 1.8% and 2.0% for the nine months ended September 30, 2019 and 2018, respectively.

# Office & Other Direct Expenses

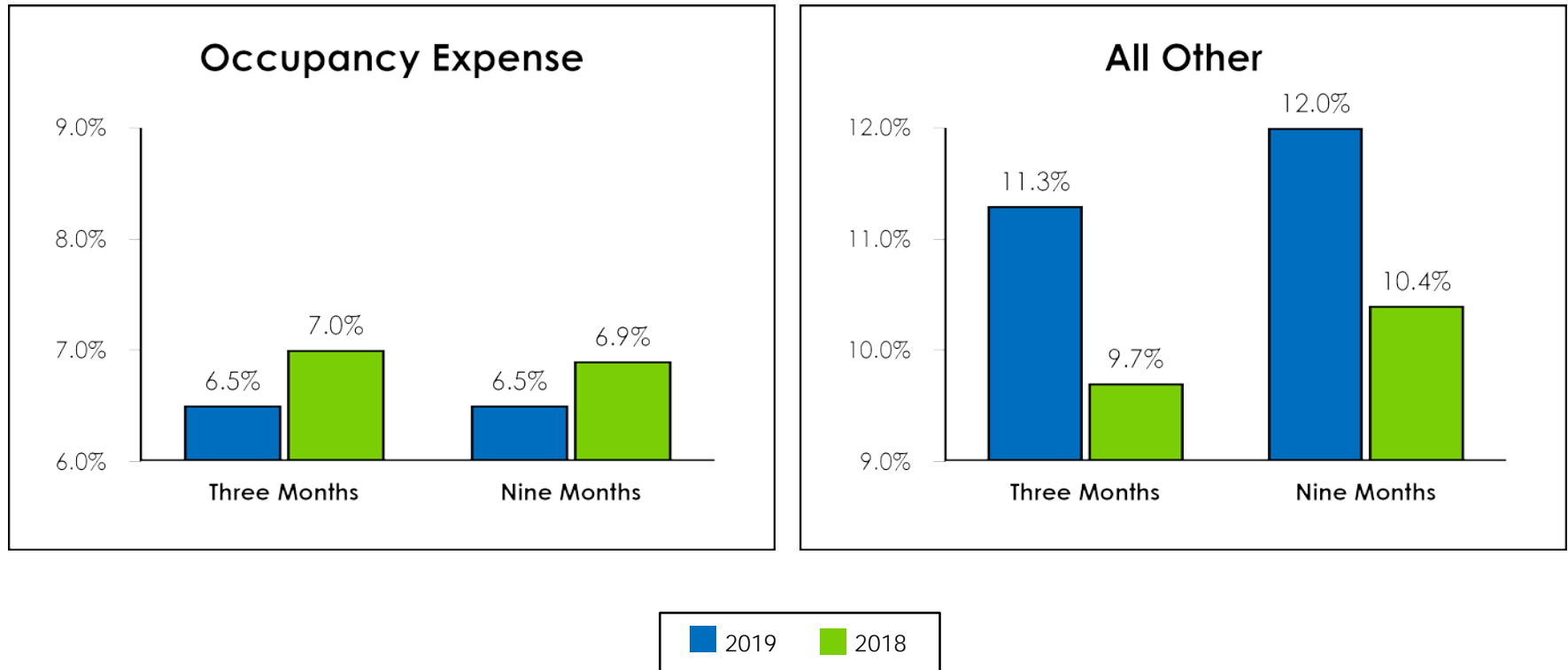
## % of Net Revenue, Trailing Twelve Months



<sup>(1)</sup> The higher expense ratio is primarily due to the inclusion of Acxiom which has a higher ratio of office and other direct expenses as a percentage of its net revenue, mainly driven by client service costs.

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

## Three and Nine Months Ended September 30

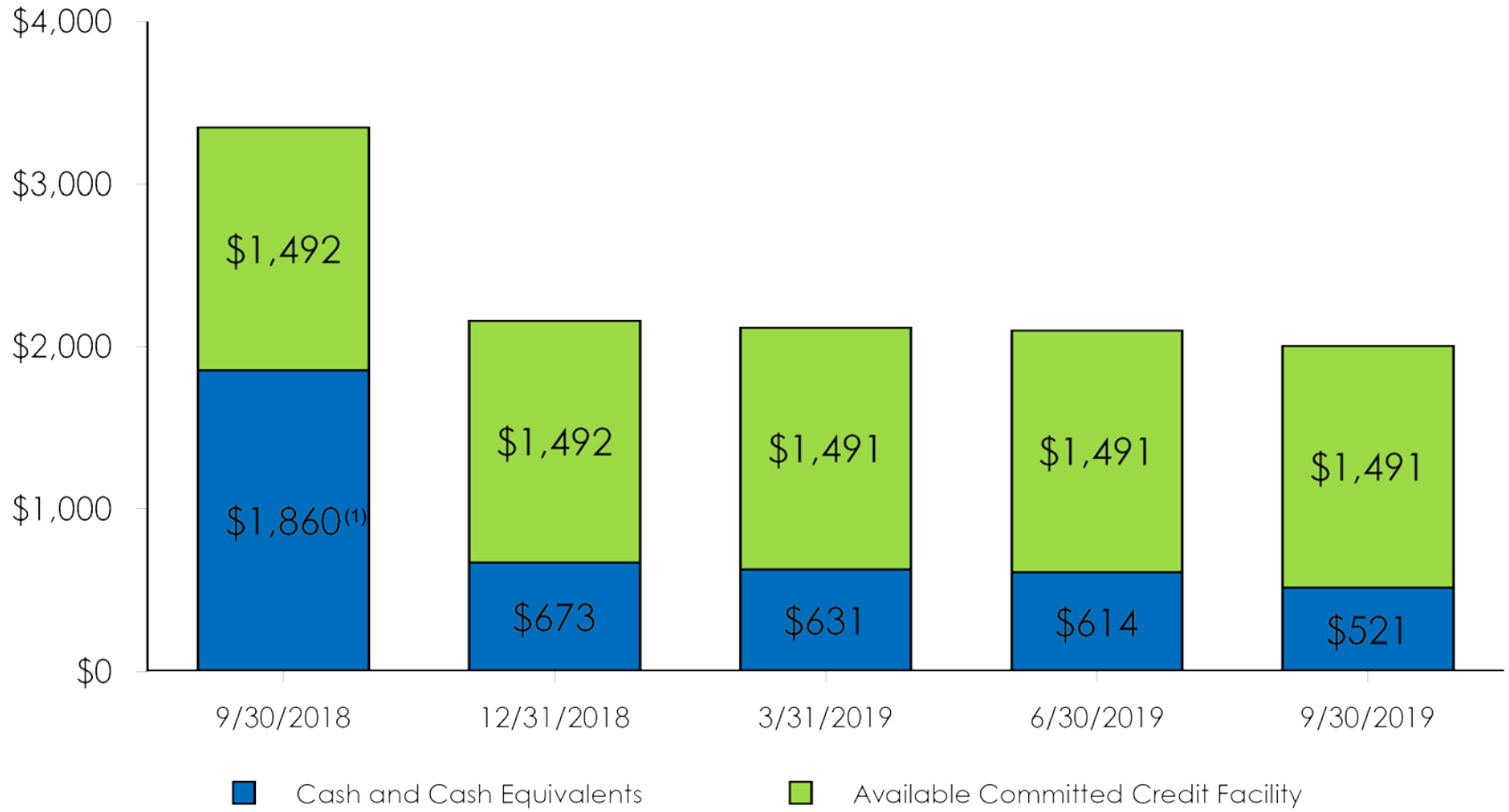


"All Other" primarily includes client service costs, non-pass through production expenses, travel and entertainment, professional fees, spending to support new business activity, telecommunications, office supplies, bad debt expense, adjustments to contingent acquisition obligations, foreign currency losses (gains), long-lived asset impairments and other expenses.

# Available Liquidity

(\$ in Millions)

## Cash and Cash Equivalents + Available Committed Credit Facility



<sup>(1)</sup> Reflects cash on hand from the September 2018 debt issuance to finance the Acxiom transaction, which closed on October 1, 2018.

# Credit Facility and Term Loan Covenants

(\$ in Millions)

Covenants	Last Twelve Months Ended September 30, 2019
I. Interest Coverage Ratio (not less than):	5.00x
Actual Interest Coverage Ratio:	8.53x
II. Leverage Ratio (not greater than) <sup>(1)</sup> :	3.75x
Actual Leverage Ratio:	2.54x
<u>Interest Expense Reconciliation</u> <sup>(2)</sup>	Last Twelve Months Ended September 30, 2019
Interest Expense:	\$200.5
- Interest Income	32.8
- Other	1.0
Net Interest Expense:	\$166.7
<u>EBITDA Reconciliation</u> <sup>(2)</sup>	Last Twelve Months Ended September 30, 2019
Operating Income:	\$1,053.8
+ Depreciation and Amortization	368.9
EBITDA:	\$1,422.7

<sup>(1)</sup> Pursuant to Amendment No. 1 of the Credit Agreement, the maximum leverage ratio decreased from 4.00x to 3.75x on the last day of the fourth fiscal quarter ending after the closing date of the Acxiom acquisition.

<sup>(2)</sup> Calculated as defined in the Credit Facility and Term Loan agreements.

# Cautionary Statement

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

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

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

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