

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): February 13, 2019

The Interpublic Group of Companies, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware

1-6686

13-1024020

(State or Other Jurisdiction  
of Incorporation)

(Commission File  
Number)

(IRS Employer  
Identification No.)

909 Third Avenue, New York, New York

10022

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: 212-704-1200

(Former Name or Former Address, 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))

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 February 13, 2019, 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 full year and fourth quarter 2018, (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 February 13, 2019 (furnished pursuant to Item 2.02)

[Exhibit 99.2](#): Investor presentation dated February 13, 2019 (furnished pursuant to Item 2.02)

**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: February 13, 2019

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Andrew Bonzani

Name: Andrew Bonzani

Title: Senior Vice President, General Counsel and Secretary



**FOR IMMEDIATE RELEASE**

**New York, NY (February 13, 2019)**

**Interpublic Announces Full Year and  
Fourth Quarter 2018 Results**

- *Q4 2018 net revenue grew 13.3% to \$2.41 billion, with strong organic net revenue growth of 7.1%*
- *FY18 net revenue grew 7.5% to \$8.03 billion, with organic net revenue growth of 5.5%, highlighted by growth across all world regions*
- *For the full year 2018, net income was \$618.9 million, compared to \$554.4 million in 2017 and adjusted EBITA<sup>1</sup> was \$1,081.4 million compared to \$959.5 million in 2017*
- *Adjusted EBITA margin expanded to 13.5% for FY18, an increase of 70 basis points from comparable FY17*
- *FY18 diluted EPS increased 13.6%; FY18 adjusted diluted EPS increased 32.9%*
- *Board approves 12% increase in quarterly dividend*

**Summary**

**Revenue**

- Fourth quarter 2018 net revenue was \$2.41 billion, compared to \$2.13 billion in 2017, with an organic net revenue increase of 7.1% compared to the prior-year period. This was comprised of an organic net revenue increase of 6.3% in the U.S. and 8.0% internationally. Fourth quarter 2018 total revenue was \$2.86 billion compared to \$2.59 billion in 2017.
- Full year 2018 net revenue was \$8.03 billion, compared to \$7.47 billion in 2017, with an organic revenue increase of 5.5% compared to the prior-year period. This was comprised of an organic net revenue increase of 5.1% in the U.S. and 6.2% internationally. Full year 2018 total revenue was \$9.71 billion, compared to \$9.05 billion in 2017.
- For both the fourth quarter and full year 2018, total revenue includes \$181.7 million related to Acxiom which was acquired on October 1, however its impact will not be included in the calculation of organic revenue growth until the fourth quarter of 2019.

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## Operating Results

- For the fourth quarter of 2018, operating income was \$459.1 million, compared to \$423.0 million in 2017. Adjusted EBITA<sup>1</sup>, excluding \$22.6 million of transaction costs for the acquisition of Acxiom and \$22.0 million of expense for the amortization of acquired intangibles, was \$503.7 million in the fourth quarter of 2018, compared to \$428.3 million in 2017. Adjusted EBITA margin on net revenue was 20.9% in 2018, compared to 20.1% in 2017.
- For the full year 2018, operating income was \$1,008.8 million, compared to \$938.4 million in 2017. Adjusted EBITA<sup>1</sup>, excluding \$35.0 million of transaction costs for the acquisition of Acxiom and \$37.6 million of expense for the amortization of acquired intangibles, was \$1,081.4 million for the full year 2018, compared to \$959.5 million in 2017. Adjusted EBITA margin on net revenue was 13.5% in 2018, compared to 12.8% in 2017.
- Refer to reconciliations in the back for more detail.

## Net Results

- Fourth quarter 2018 net income available to IPG common stockholders was \$326.2 million, resulting in earnings of \$0.85 per basic share and \$0.84 per diluted share. This compares to net income available to IPG common stockholders of \$252.3 million, or \$0.66 per basic share and \$0.64 per diluted share a year ago.
- Fourth quarter 2018 adjusted earnings were \$0.89 per diluted share as adjusted for after-tax loss of \$10.8 million on the sales of businesses, after-tax transaction costs directly related to the acquisition of Acxiom of \$17.0 million, after-tax amortization of acquired intangibles of \$17.8 million, and the positive impact of various discrete tax items of \$23.4 million. This compares to adjusted earnings of \$0.64 per diluted share a year ago.
- Full year 2018 net income available to IPG common stockholders was \$618.9 million, resulting in earnings of \$1.61 per basic share and \$1.59 per diluted share. This compares to net income available to IPG common stockholders of \$554.4 million, resulting in earnings of \$1.42 per basic share and \$1.40 per diluted share a year ago.
- Full year 2018 adjusted earnings were \$1.86 per diluted share as adjusted for after-tax loss of \$59.7 million on the sales of businesses, after-tax transaction costs directly related to the acquisition of Acxiom of \$36.5 million, after-tax amortization of acquired intangibles of \$32.8 million, and the positive impact of various discrete tax items of \$23.4 million. This compares to adjusted earnings of \$1.40 per diluted share a year ago.
- As a reminder, 2017 results are as previously restated for the adoption of ASC 606.
- Refer to reconciliations in the back for more detail.

## **Outlook**

- The company said that, entering the new year, it continues to see opportunities for solid revenue increases, and is targeting 2019 organic growth of 2.0%-3.0%. The company is also targeting a further 40-50 basis points of improvement in full-year adjusted EBITA margin, on top of the 13.5% achieved in 2018. The margin target excludes an expected pre-tax charge to earnings of approximately \$30-\$40 million in the first quarter of 2019, to right-size its cost structure following certain accounts lost, mainly in the latter part of last year.

"Overall, 2018 was a very successful year, with outstanding financial results, coupled with a significant, future-facing acquisition. Our results again demonstrate the strength of our client-centric integrated offerings, and the quality of our people. We're proud that our culture continues to attract diverse talent with a breadth of digital expertise, which has helped us to deliver leading organic growth and margin improvement in recent years. This is what's required in light of the significant changes taking place in our industry and the environment in which we operate," commented Michael Roth, Chairman and CEO of IPG.

"As we turn to our outlook for 2019, we do so with a strong portfolio of agencies, across the full range of capabilities and marketing disciplines, competing successfully in the marketplace. This allows us to achieve revenue growth and convert it to operating profit at rates that have been leading the industry. Our 2019 targets are for fully competitive organic growth and solid underlying margin expansion. We also remain committed to our robust capital return program, as is evident in the action of our Board announced today to further increase our dividend. We are confident that this combination of operating performance and capital returns will allow us to build on our strong track record of enhancing shareholder value," Mr. Roth concluded.

## **Operating Results**

### **Revenue**

During the fourth quarter of 2018, net revenue of \$2.41 billion increased 13.3% compared to the same period in 2017. During the fourth quarter of 2018, the effect of foreign currency translation was negative 1.6%, the impact of net acquisitions was positive 7.8%, and the resulting organic revenue increase was 7.1%. Total Revenue of \$2.86 billion in the fourth quarter of 2018 increased 10.3% compared to 2017.

For the full year 2018, net revenue of \$8.03 billion increased 7.5% compared to the same period in 2017. During the full year 2018, the effect of foreign currency translation was positive 0.2%, the impact of net acquisition was positive 1.8%, and the resulting organic revenue increase was 5.5%. Total revenue of \$9.71 billion increased 7.4% during the full year 2018 compared to 2017.

For both the fourth quarter and full year 2018, total revenue includes \$181.7 million related to Acxiom which was acquired on October 1, however its impact will not be included in the calculation of organic revenue growth until the fourth quarter of 2019.

### **Operating Expenses**

For the fourth quarter and full year 2018, operating expenses increased compared to the same periods in 2017 primarily due to the inclusion of Acxiom beginning with the fourth quarter of 2018.

During the fourth quarter of 2018, salaries and related expenses were \$1.42 billion, an increase of 10.3% compared to the same period in 2017. For the full year 2018, salaries and related expenses were \$5.30 billion, an increase of 6.2% compared to 2017.

During the fourth quarter of 2018, office and other direct expenses were \$381.0 million, an increase of 13.8% compared to the same period in 2017. For the full year 2018, office and other direct expenses were \$1.36 billion, an increase of 6.8% compared to 2017.

During the fourth quarter of 2018, selling, general and administrative expenses were \$81.0 million, and were \$58.4 million excluding Acxiom transaction costs, an increase of 18.2% compared to the same period in 2017. For the full year 2018, selling, general and administrative expenses were \$166.5 million, and were \$131.5 million excluding Acxiom transaction costs, an increase of 11.0% compared to 2017. For both the fourth quarter and full year 2018, the increase in selling, general and administrative expenses is primarily due to costs associated with closing the Acxiom transaction as well as an increase in incentive expense.

During the fourth quarter of 2018, depreciation and amortization was \$68.9 million, an increase of 111.3% compared to the same period in 2017. Amortization expense was \$22.0 million in the fourth quarter of 2018 compared to \$5.3 million in the same period in 2017. For the full year 2018, depreciation and amortization was \$202.9 million, an increase of 29.2% compared to 2017. Amortization expense was \$37.6 million for the full year 2018 compared to \$21.1 in the same period in 2017.

**Non-Operating Results and Tax**

In the fourth quarter of 2018, net interest expense was \$41.6 million, an increase of \$23.8 million compared to the same period in 2017 primarily due to debt issued to fund the company's acquisition of Acxiom. For the full year 2018, net interest expense was \$101.2 million, an increase of \$29.8 million compared to 2017 primarily due to debt issued to fund the company's acquisition of Acxiom.

Other expense, net was \$13.6 million for the fourth quarter of 2018, and was \$69.6 million for the full year 2018, primarily due to losses recorded on sales of businesses.

The income tax provision in the fourth quarter of 2018 was \$62.2 million on income before income taxes of \$403.9 million, compared to a provision of \$135.1 million on income before income taxes of \$403.5 million in the same period in 2017. The income tax provision for the full year 2018 was \$199.2 million on income before income taxes of \$838.0 million, compared to a provision of \$271.3 million on income before income taxes of \$840.8 million in 2017.

The effective tax rate for the fourth quarter of 2018 was 15.4% compared to 33.5% for the same period in 2017. Excluding the impact of the losses on the sales of businesses, transaction costs directly related to the acquisition of Acxiom, amortization of acquired intangibles, and the positive impact of various discrete tax items, the effective tax rate for the fourth quarter of 2018 was 21.0% compared to 35.4% in 2017 as similarly adjusted. The effective tax rate for the full year 2018 was 23.8% compared to 32.3% for the same period in 2017. Excluding the impact of the same items mentioned above, the effective tax rate for the full year 2018 was 24.5% compared to 35.6% in 2017 as similarly adjusted.

**Balance Sheet**

At December 31, 2018, cash, cash equivalents and marketable securities totaled \$673.5 million, compared to \$791.0 million at December 31, 2017. Total debt was \$3.73 billion at December 31, 2018, compared to \$1.37 billion at December 31, 2017. On September 21, 2018, we issued a total of \$2,000.0 million in aggregate principal amount of unsecured senior notes and in October 1, 2018, we borrowed an additional \$500.0 million under a term loan for purposes of financing the Acxiom acquisition.

**Share Repurchase Program and Common Stock Dividend**

For the full year 2018, the company repurchased 5.1 million shares of its common stock at an aggregate cost of \$117.1 million and an average price of \$23.03 per share. The share repurchase program was suspended as of July 2, 2018 in order to reduce the increased debt levels incurred in conjunction with the Acxiom acquisition.



During the fourth quarter of 2018, the company declared and paid a common stock cash dividend of \$0.21 per share, for a total of \$80.5 million. During 2018, the company paid four quarterly cash dividends of \$0.21 per share on our common stock, which corresponded to aggregate dividend payments of \$322.1 million for the full year.

The company also announced that its Board of Directors has declared a common stock cash dividend of \$0.235 per share, payable quarterly to holders of record on an ongoing basis.

For further information regarding the company's financial results as well as certain non-GAAP measures and the reconciliation thereof, please refer to pages 17 to 23 of the earnings materials filed on Form 8-K herewith and available on our website, [www.interpublic.com](http://www.interpublic.com).

<sup>1</sup> Adjusted EBITA is earnings before net interest, net other expense, provision for income taxes, and amortization of acquired intangibles, and adjusted to exclude transaction costs for the acquisition of Acxiom. See reconciliation tables in back for further detail.

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#### About Interpublic

Interpublic is one of the world's leading organizations of advertising agencies and marketing services companies. Major global brands include Acxiom, Craft, FCB (Foote, Cone & Belding), FutureBrand, Golin, Huge, Initiative, Jack Morton, MAGNA, McCann, Momentum, MRM//McCann, MullenLowe Group, Octagon, R/GA, UM and Weber Shandwick. Other leading brands include Avrett Free Ginsberg, Campbell Ewald, Carmichael Lynch, Deutsch, Hill Holliday, ID Media and The Martin Agency. For more information, please visit [www.interpublic.com](http://www.interpublic.com).

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#### Contact Information

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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 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 under Item 1A, Risk Factors, in our most recent Annual Report on Form 10-K, and our other SEC filings.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES  
CONSOLIDATED SUMMARY OF EARNINGS  
FOURTH QUARTER REPORT 2018 AND 2017  
(Amounts in Millions except Per Share Data)  
(UNAUDITED)

	Three Months Ended December 31,		Fav. (Unfav.) % Variance
	2018	2017	
<b>Revenue:</b>			
Net Revenue	\$ 2,413.7	\$ 2,131.1	13.3 %
Billable Expenses	442.3	458.7	(3.6)%
<b>Total Revenue</b>	<b>2,856.0</b>	<b>2,589.8</b>	<b>10.3 %</b>
<b>Operating Expenses:</b>			
Salaries and Related Expenses	1,423.7	1,291.3	(10.3)%
Office and Other Direct Expenses	381.0	334.8	(13.8)%
Billable Expenses	442.3	458.7	3.6 %
Cost of Services	2,247.0	2,084.8	(7.8)%
Selling, General and Administrative Expenses	81.0	49.4	(64.0)%
Depreciation and Amortization	68.9	32.6	(111.3)%
<b>Total Operating Expenses</b>	<b>2,396.9</b>	<b>2,166.8</b>	<b>(10.6)%</b>
<b>Operating Income</b>	<b>459.1</b>	<b>423.0</b>	<b>8.5 %</b>
Operating Margin on Net Revenue %	19.0%	19.8%	
Operating Margin on Total Revenue %	16.1%	16.3%	
<b>Expenses and Other Income:</b>			
Interest Expense	(49.4)	(23.2)	
Interest Income	7.8	5.4	
Other Expense, Net	(13.6)	(1.7)	
<b>Total (Expenses) and Other Income</b>	<b>(55.2)</b>	<b>(19.5)</b>	
<b>Income Before Income Taxes</b>	<b>403.9</b>	<b>403.5</b>	
<b>Provision for Income Taxes</b>	<b>62.2</b>	<b>135.1</b>	
<b>Income of Consolidated Companies</b>	<b>341.7</b>	<b>268.4</b>	
Equity in Net Income of Unconsolidated Affiliates	0.8	0.8	
<b>Net Income</b>	<b>342.5</b>	<b>269.2</b>	
Net Income Attributable to Noncontrolling Interests	(16.3)	(16.9)	
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 326.2</b>	<b>\$ 252.3</b>	
<b>Earnings Per Share Available to IPG Common Stockholders:</b>			
Basic	\$ 0.85	\$ 0.66	
Diluted	\$ 0.84	\$ 0.64	
<b>Weighted-Average Number of Common Shares Outstanding:</b>			
Basic	383.4	385.1	
Diluted	390.3	393.2	
<b>Dividends Declared Per Common Share</b>	<b>\$ 0.21</b>	<b>\$ 0.18</b>	

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES  
CONSOLIDATED SUMMARY OF EARNINGS  
ANNUAL REPORT 2018 AND 2017  
(Amounts in Millions except Per Share Data)  
(UNAUDITED)

	Twelve Months Ended December 31,		Fav. (Unfav.) % Variance
	2018	2017	
<b>Revenue:</b>			
Net Revenue	\$ 8,031.6	\$ 7,473.5	7.5 %
Billable Expenses	1,682.8	1,574.1	6.9 %
<b>Total Revenue</b>	<b>9,714.4</b>	<b>9,047.6</b>	<b>7.4 %</b>
<b>Operating Expenses:</b>			
Salaries and Related Expenses	5,298.3	4,990.7	(6.2)%
Office and Other Direct Expenses	1,355.1	1,268.8	(6.8)%
Billable Expenses	1,682.8	1,574.1	(6.9)%
Cost of Services	8,336.2	7,833.6	(6.4)%
Selling, General and Administrative Expenses	166.5	118.5	(40.5)%
Depreciation and Amortization	202.9	157.1	(29.2)%
<b>Total Operating Expenses</b>	<b>8,705.6</b>	<b>8,109.2</b>	<b>(7.4)%</b>
<b>Operating Income</b>	<b>1,008.8</b>	<b>938.4</b>	<b>7.5 %</b>
Operating Margin on Net Revenue %	12.6%	12.6%	
Operating Margin on Total Revenue %	10.4%	10.4%	
<b>Expenses and Other Income:</b>			
Interest Expense	(123.0)	(90.8)	
Interest Income	21.8	19.4	
Other Expense, Net	(69.6)	(26.2)	
<b>Total (Expenses) and Other Income</b>	<b>(170.8)</b>	<b>(97.6)</b>	
<b>Income Before Income Taxes</b>	<b>838.0</b>	<b>840.8</b>	
Provision for Income Taxes	199.2	271.3	
<b>Income of Consolidated Companies</b>	<b>638.8</b>	<b>569.5</b>	
Equity in Net (Loss) Income of Unconsolidated Affiliates	(1.1)	0.9	
<b>Net Income</b>	<b>637.7</b>	<b>570.4</b>	
Net Income Attributable to Noncontrolling Interests	(18.8)	(16.0)	
<b>Net Income Attributable to IPG Common Stockholders</b>	<b>\$ 618.9</b>	<b>\$ 554.4</b>	
<b>Earnings Per Share Available to IPG Common Stockholders:</b>			
Basic	\$ 1.61	\$ 1.42	
Diluted	\$ 1.59	\$ 1.40	
<b>Weighted-Average Number of Common Shares Outstanding:</b>			
Basic	383.3	389.6	
Diluted	389.0	397.3	
<b>Dividends Declared Per Common Share</b>	<b>\$ 0.84</b>	<b>\$ 0.72</b>	

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

	Three Months Ended December 31, 2018						Adjusted Results
	As Reported	Axiom Transaction Costs	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses <sup>1</sup>	Net Impact of Various Discrete Tax Items <sup>2</sup>		
Net Revenue	\$ 2,413.7						\$ 2,413.7
Billable Expenses	442.3						442.3
<b>Total Revenue</b>	<b>2,856.0</b>						<b>2,856.0</b>
Cost of Services	2,247.0						2,247.0
Selling, General and Administrative Expenses	81.0	\$ 22.6					58.4
Depreciation and Amortization	68.9		\$ 22.0				46.9
Total Operating Expense	2,396.9	22.6	22.0				2,352.3
<b>Operating Income</b>	<b>459.1</b>	<b>(22.6)</b>	<b>(22.0)</b>				<b>503.7</b>
Interest Expense, Net	(41.6)						(41.6)
Other Expense, Net	(13.6)			\$ (11.9)			(1.7)
Total (Expenses) and Other Income	(55.2)			(11.9)			(43.3)
Income Before Income Taxes	403.9	(22.6)	(22.0)	(11.9)			460.4
Provision for Income Taxes	62.2	5.6	4.2	1.1	\$ 23.4		96.5
<i>Effective Tax Rate</i>	<i>15.4%</i>						<i>21.0%</i>
Equity in Net Income of Unconsolidated Affiliates	0.8						0.8
Net Income Attributable to Noncontrolling Interests	(16.3)						(16.3)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 326.2</b>	<b>\$ (17.0)</b>	<b>\$ (17.8)</b>	<b>\$ (10.8)</b>	<b>\$ 23.4</b>		<b>\$ 348.4</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	<b>383.4</b>						<b>383.4</b>
Dilutive effect of stock options and restricted shares	6.9						6.9
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>390.3</b>						<b>390.3</b>
<b>Earnings Per Share Available to IPG Common Stockholders:</b>							
Basic	\$ 0.85	\$ (0.04)	\$ (0.05)	\$ (0.03)	\$ 0.06		\$ 0.91
Diluted	\$ 0.84	\$ (0.04)	\$ (0.05)	\$ (0.03)	\$ 0.06		\$ 0.89

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

<sup>2</sup> Includes a tax benefit of \$16.9 from net adjustments to the valuation allowance and a benefit of \$6.5 related to the estimated costs associated with our change in assertion (APB 23) that we will no longer permanently reinvest undistributed earnings attributable to certain foreign subsidiaries.

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  
RECONCILIATION OF ADJUSTED RESULTS  
(Amounts in Millions except Per Share Data)  
(UNAUDITED)

	Twelve Months Ended December 31, 2018					
	As Reported	Axiom Transaction Costs	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses <sup>1</sup>	Net Impact of Various Discrete Tax Items <sup>2</sup>	Adjusted Results
Net Revenue	\$ 8,031.6					\$ 8,031.6
Billable Expenses	1,682.8					1,682.8
<b>Total Revenue</b>	<b>9,714.4</b>					<b>9,714.4</b>
Cost of Services	8,336.2					8,336.2
Selling, General and Administrative Expenses	166.5	\$ 35.0				131.5
Depreciation and Amortization	202.9		\$ 37.6			165.3
Total Operating Expense	8,705.6	35.0	37.6			8,633.0
<b>Operating Income</b>	<b>1,008.8</b>	<b>(35.0)</b>	<b>(37.6)</b>			<b>1,081.4</b>
Interest Expense, Net	(101.2)	(3.3)				(97.9)
Other Expense, Net	(69.6)	(10.3)		\$ (61.9)		2.6
Total (Expenses) and Other Income	(170.8)	(13.6)		(61.9)		(95.3)
Income Before Income Taxes	838.0	(48.6)	(37.6)	(61.9)		986.1
Provision for Income Taxes	199.2	12.1	4.8	2.2	\$ 23.4	241.7
<i>Effective tax rate</i>	<i>23.8%</i>					<i>24.5%</i>
Equity in Net Loss of Unconsolidated Affiliates	(1.1)					(1.1)
Net Income Attributable to Noncontrolling Interests	(18.8)					(18.8)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 618.9</b>	<b>\$ (36.5)</b>	<b>\$ (32.8)</b>	<b>\$ (59.7)</b>	<b>\$ 23.4</b>	<b>\$ 724.5</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	<b>383.3</b>					<b>383.3</b>
Dilutive effect of stock options and restricted shares	5.7					5.7
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>389.0</b>					<b>389.0</b>

**Earnings Per Share Available to IPG Common Stockholders:**

Basic	\$ 1.61	\$ (0.10)	\$ (0.09)	\$ (0.16)	\$ 0.06	\$ 1.89
Diluted	\$ 1.59	\$ (0.09)	\$ (0.08)	\$ (0.15)	\$ 0.06	\$ 1.86

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

<sup>2</sup> Includes a tax benefit of \$16.9 from net adjustments to the valuation allowance and a benefit of \$6.5 in the fourth quarter related to the estimated costs associated with our change in assertion (APB 23) that we will no longer permanently reinvest undistributed earnings attributable to certain foreign subsidiaries.

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  
RECONCILIATION OF ADJUSTED RESULTS - ADJUSTED EBITA  
(Amounts in Millions)  
(UNAUDITED)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
<b>Net Revenue</b>	\$ 2,413.7	\$ 2,131.1	\$ 8,031.6	\$ 7,473.5
<b>EBITA Reconciliation:</b>				
<b>Net Income Available to IPG Common Stockholders</b>	\$ 326.2	\$ 252.3	\$ 618.9	\$ 554.4
Add Back:				
Provision for Income Taxes	62.2	135.1	199.2	271.3
Subtract:				
Total (Expenses) and Other Income	(55.2)	(19.5)	(170.8)	(97.6)
Equity in Net Income (Loss) of Unconsolidated Affiliates	0.8	0.8	(1.1)	0.9
Net Income Attributable to Noncontrolling Interests	(16.3)	(16.9)	(18.8)	(16.0)
<b>Operating Income</b>	<u>459.1</u>	<u>423.0</u>	<u>1,008.8</u>	<u>938.4</u>
Add Back:				
Amortization of Acquired Intangibles	22.0	5.3	37.6	21.1
<b>EBITA</b>	<u>481.1</u>	<u>428.3</u>	<u>1,046.4</u>	<u>959.5</u>
Acxiom Transaction Costs	22.6	—	35.0	—
<b>Adjusted EBITA</b>	<u>\$ 503.7</u>	<u>\$ 428.3</u>	<u>\$ 1,081.4</u>	<u>\$ 959.5</u>
<i>Adjusted EBITA Margin on Net Revenue %</i>	<u>20.9%</u>	<u>20.1%</u>	<u>13.5%</u>	<u>12.8%</u>

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  
RECONCILIATION OF ADJUSTED RESULTS  
(Amounts in Millions except Per Share Data)  
(UNAUDITED)

	Three Months Ended December 31, 2017					
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses <sup>1</sup>	U.S. Federal Tax Credits	Net Impact of U.S. Tax Reform	Adjusted Results
<b>Operating Income</b>	\$ 423.0	\$ (5.3)				\$ 428.3
Total (Expenses) and Other Income	(19.5)		\$ (3.2)			(16.3)
Income Before Income Taxes	403.5	(5.3)	(3.2)			412.0
Provision for Income Taxes	135.1	0.3	5.7	\$ (31.2)	\$ 36.0	145.9
<i>Effective Tax Rate</i>	33.5%					35.4%
Equity in Net Income of Unconsolidated Affiliates	0.8					0.8
Net Income Attributable to Noncontrolling Interests	(16.9)					(16.9)
<b>Net Income Available to IPG Common Stockholders</b>	<u>\$ 252.3</u>	<u>\$ (5.0)</u>	<u>\$ 2.5</u>	<u>\$ (31.2)</u>	<u>\$ 36.0</u>	<u>\$ 250.0</u>

<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	385.1					385.1
Dilutive effect of stock options and restricted shares	8.1					8.1
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<u>393.2</u>					<u>393.2</u>

**Earnings Per Share Available to IPG Common**

<b>Stockholders:</b>									
Basic	\$ 0.66	\$ (0.01)	\$ 0.01	\$ (0.08)	\$ 0.09	\$ 0.65			
Diluted	\$ 0.64	\$ (0.01)	\$ 0.01	\$ (0.08)	\$ 0.09	\$ 0.64			

<sup>1</sup> Includes losses on completed dispositions of businesses and the classification of certain assets as held for sale.

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  
RECONCILIATION OF ADJUSTED RESULTS  
(Amounts in Millions except Per Share Data)  
(UNAUDITED)

	Twelve Months Ended December 31, 2017				
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses <sup>1</sup>	Net Impact of U.S. Tax Reform	Adjusted Results
<b>Operating Income</b>	\$ 938.4	\$ (21.1)			\$ 959.5
Total (Expense) and Other Income	(97.6)		\$ (24.1)		(73.5)
Income Before Income Taxes	840.8	(21.1)	(24.1)		886.0
Provision for Income Taxes	271.3	1.0	7.4	\$ 36.0	315.7
<i>Effective Tax Rate</i>	32.3%				35.6%
Equity in Net Income of Unconsolidated Affiliates	0.9				0.9
Net Income Attributable to Noncontrolling Interests	(16.0)				(16.0)
<b>Net Income Available to IPG Common Stockholders</b>	<u>\$ 554.4</u>	<u>\$ (20.1)</u>	<u>\$ (16.7)</u>	<u>\$ 36.0</u>	<u>\$ 555.2</u>

<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	389.6	389.6
Dilutive effect of stock options and restricted shares	7.7	7.7
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<u>397.3</u>	<u>397.3</u>

**Earnings Per Share Available to IPG Common Stockholders:**

Basic	\$ 1.42	\$ (0.05)	\$ (0.04)	\$ 0.09	\$ 1.43
Diluted	\$ 1.40	\$ (0.05)	\$ (0.04)	\$ 0.09	\$ 1.40

<sup>1</sup> Includes losses on completed dispositions of businesses and the classification of certain assets as held for sale.

Note: Management believes the resulting comparisons provide useful supplemental data that, while not a substitute for GAAP measures, allow for greater transparency in the review of our financial and operational performance.



Interpublic Group

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## **FOURTH QUARTER & FULL YEAR 2018 EARNINGS CONFERENCE CALL**

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February 13, 2019

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## Overview

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- Fourth quarter 2018 net revenue increased 13.3%
  - Organic growth of net revenue was 7.1%
    - US organic growth was 6.3%
    - International organic growth was 8.0%
- FY-18 revenue increased 7.5%, with organic growth of 5.5%
- FY-18 net income was \$618.9
- FY-18 adjusted EBITA margin was 13.5%, an increase of 70 bps
- FY-18 diluted EPS was \$1.59, and adjusted diluted EPS was \$1.86 compared with \$1.40 in FY-17 as similarly adjusted
- Increased quarterly common share dividend 12% to \$0.235

"Organic growth" refers exclusively to the organic change of net revenue. Adjusted EBITA is operating income adjusted for Acxiom transaction costs and amortization of acquired intangibles. Adjusted diluted EPS as adjusted for Acxiom transaction costs, amortization of acquired intangibles, sales of businesses and discrete tax items. The reconciliations of organic revenue change are on pages 17-18. Reconciliations of non-GAAP adjusted EBITA and adjusted diluted EPS are on pages 19-23.

(Amounts in Millions, except per share amounts)



# Operating Performance

	Three Months Ended December 31,	
	2018	2017
Net Revenue	\$ 2,413.7	\$ 2,131.1
Billable Expenses	442.3	458.7
Total Revenue	2,856.0	2,589.8
Salaries and Related Expenses	1,423.7	1,291.3
Office and Other Direct Expenses	381.0	334.8
Billable Expenses	442.3	458.7
Selling, General and Administrative Expenses <sup>(1)</sup>	81.0	49.4
Depreciation and Amortization <sup>(2)</sup>	68.9	32.6
Operating Income	459.1	423.0
Interest Expense, net	(41.6)	(17.8)
Other Expense, net	(13.6)	(1.7)
Income Before Income Taxes	403.9	403.5
Provision for Income Taxes	62.2	135.1
Equity in Net Income of Unconsolidated Affiliates	0.8	0.8
Net Income	342.5	269.2
Net Income Attributable to Noncontrolling Interests	(16.3)	(16.9)
Net Income Available to IPG Common Stockholders	\$ 326.2	\$ 252.3
Earnings per Share Available to IPG Common Stockholders - Basic	\$ 0.85	\$ 0.66
Earnings per Share Available to IPG Common Stockholders - Diluted	\$ 0.84	\$ 0.64
Weighted-Average Number of Common Shares Outstanding - Basic	383.4	385.1
Weighted-Average Number of Common Shares Outstanding - Diluted	390.3	393.2
Dividends Declared per Common Share	\$ 0.21	\$ 0.18

Page 3 <sup>(1)</sup> Includes \$22.6 related to Acxiom transaction costs in 2018.  
<sup>(2)</sup> Includes \$22.0 and \$5.3 of amortization of acquired intangibles in 2018 and 2017, respectively.

(Amounts in Millions, except per share amounts)



# Net Revenue

	Three Months Ended		Twelve Months Ended	
	\$	% Change	\$	% Change
<b>December 31, 2017</b>	<b>\$ 2,131.1</b>		<b>\$ 7,473.5</b>	
Total change	282.6	13.3%	558.1	7.5%
Foreign currency	(35.0)	(1.6%)	15.9	0.2%
Net acquisitions/(divestitures)	167.0	7.8%	128.2	1.8%
Organic	<b>150.6</b>	<b>7.1%</b>	<b>414.0</b>	<b>5.5%</b>
<b>December 31, 2018</b>	<b>\$ 2,413.7</b>		<b>\$ 8,031.6</b>	

	Three Months Ended December 31,				Twelve Months Ended December 31,			
			Change				Change	
	2018	2017	Organic	Total	2018	2017	Organic	Total
<b>IAN</b>	\$ 1,894.9	\$ 1,810.2	7.4%	4.7%	\$ 6,585.8	\$ 6,266.7	6.0%	5.1%
<b>CMG</b>	\$ 337.1	\$ 320.9	5.1%	5.0%	\$ 1,264.1	\$ 1,206.8	3.4%	4.7%
<b>Corporate and other <sup>(1)</sup></b>	\$ 181.7	\$ 0.0	N/A	N/A	\$ 181.7	\$ 0.0	N/A	N/A

<sup>(1)</sup> Revenue is from Acxiom which was acquired on October 1, 2018.

Page 4 See reconciliations of segment organic revenue change on pages 17-18.

(\$ in Millions)



# Geographic Net Revenue Change

	<b>Three Months Ended December 31, 2018</b>		<b>Twelve Months Ended December 31, 2018</b>	
	<b>Organic</b>	<b>Total</b>	<b>Organic</b>	<b>Total</b>
United States	6.3%	20.2%	5.1%	8.2%
International	8.0%	4.8%	6.2%	6.4%
United Kingdom	9.6%	12.7%	9.7%	16.1%
Continental Europe	4.1%	2.7%	5.3%	7.2%
Asia Pacific	6.6%	3.2%	3.9%	3.4%
Latin America	17.4%	0.9%	11.7%	(0.2%)
All Other Markets	8.0%	5.1%	3.4%	2.9%
<b>Worldwide</b>	<b>7.1%</b>	<b>13.3%</b>	<b>5.5%</b>	<b>7.5%</b>

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

Page 5 See reconciliations of organic net revenue change on pages 17-18.



# Operating Expenses

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2018	2017	% Increase	2018	2017	% Increase
Salaries & Related	\$ 1,423.7	\$ 1,291.3	10.3%	\$ 5,298.3	\$ 4,990.7	6.2%
% of Net Revenue	59.0%	60.6%		66.0%	66.8%	
Office & Other Direct	381.0	334.8	13.8%	1,355.1	1,268.8	6.8%
% of Net Revenue	15.8%	15.7%		16.9%	17.0%	
Selling, General & Administrative <sup>(1)</sup>	81.0	49.4	64.0%	166.5	118.5	40.5%
% of Net Revenue	3.4%	2.3%		2.1%	1.6%	
Depreciation <sup>(2)</sup>	46.9	27.3	71.8%	165.3	136.0	21.5%
% of Net Revenue	1.9%	1.3%		2.1%	1.8%	
Amortization of Acquired Intangibles <sup>(2)</sup>	22.0	5.3	315.1%	37.6	21.1	78.2%
% of Net Revenue	0.9%	0.2%		0.5%	0.3%	

<sup>(1)</sup> Includes Acxiom transaction costs of \$22.6 and \$35.0 for the three and twelve months ended December 31, 2018, respectively.

Page 6 <sup>(2)</sup> \$9.6 of depreciation and \$16.7 of amortization relates to Acxiom which was acquired on October 1, 2018.

(\$ in Millions)



# Adjusted EBITA & Diluted Earnings Per Share

Three Months Ended December 31, 2018

	As Reported	Axiom Transaction Costs <sup>(1)</sup>	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 459.1	\$ (22.6)	\$ (22.0)			\$ 503.7
Total (Expenses) and Other Income	(55.2)			\$ (11.9)		(43.3)
Income Before Income Taxes	403.9	(22.6)	(22.0)	(11.9)		460.4
Provision for Income Taxes	62.2	5.6	4.2	1.1	\$ 23.4	96.5
Effective Tax Rate	15.4%					21.0%
Equity in Net Income of Unconsolidated Affiliates	0.8					0.8
Net Income Attributable to Noncontrolling Interests	(16.3)					(16.3)
<b>Diluted EPS Components:</b>						
Net Income Available to IPG Common Stockholders	\$ 326.2	\$ (17.0)	\$ (17.8)	\$ (10.8)	\$ 23.4	\$ 348.4
Weighted-Average Number of Common Shares Outstanding- Diluted	390.3					390.3
<b>Earnings Per Share Available to IPG Common Stockholders:</b>	\$ 0.84	\$ (0.04)	\$ (0.05)	\$ (0.03)	\$ 0.06	\$ 0.89

<sup>(1)</sup> Axiom transaction costs of \$22.6 recorded in Selling, General and Administrative Expenses.

Page 7 See full reconciliations of adjusted non-GAAP diluted earnings per share on pages 19-23.

(Amounts in Millions, except per share amounts)





# Adjusted EBITA & Diluted Earnings Per Share

Twelve Months Ended December 31, 2018

	As Reported	Axiom Transaction Costs <sup>(1)</sup>	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 1,008.8	\$ (35.0)	\$ (37.6)			\$ 1,081.4
Total (Expenses) and Other Income	(170.8)	(13.6)		\$ (61.9)		(95.3)
Income Before Income Taxes	838.0	(48.6)	(37.6)	(61.9)		986.1
Provision for Income Taxes	199.2	12.1	4.8	2.2	\$ 23.4	241.7
Effective Tax Rate	23.8%					24.5%
Equity in Net Loss of Unconsolidated Affiliates	(1.1)					(1.1)
Net Income Attributable to Noncontrolling Interests	(18.8)					(18.8)
<b>Diluted EPS Components:</b>						
Net Income Available to IPG Common Stockholders	\$ 618.9	\$ (36.5)	\$ (32.8)	\$ (59.7)	\$ 23.4	\$ 724.5
Weighted-Average Number of Common Shares Outstanding- Diluted	389.0					389.0
<b>Earnings Per Share Available to IPG Common Stockholders:</b>	\$ 1.59	\$ (0.09)	\$ (0.08)	\$ (0.15)	\$ 0.06	\$ 1.86

<sup>(1)</sup> Axiom transaction costs of \$35.0 recorded in Selling, General and Administrative Expenses and \$13.6 recorded in Total (Expenses) and Other Income.

Page 8 See full reconciliations of adjusted non-GAAP diluted earnings per share on pages 19-23

(Amounts in Millions, except per share amounts)



# Cash Flow

	Twelve Months Ended December 31,	
	2018	2017
<b>NET INCOME</b>	\$ 637.7	\$ 570.4
<b>OPERATING ACTIVITIES</b>		
Depreciation & amortization	291.6	244.9
Deferred taxes	14.1	(9.5)
Net losses on sales of businesses	61.9	24.1
Other non-cash items	7.7	22.2
Change in working capital, net	(431.1)	5.3
Change in other non-current assets & liabilities	(16.8)	24.4
<b>Net cash provided by Operating Activities</b>	<b>565.1</b>	<b>881.8</b>
<b>INVESTING ACTIVITIES</b>		
Acquisitions, net of cash acquired	(2,309.8)	(30.6)
Capital expenditures	(177.1)	(155.9)
Other investing activities	(4.6)	(9.7)
<b>Net cash used in Investing Activities</b>	<b>(2,491.5)</b>	<b>(196.2)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	2,494.2	0.0
Exercise of stock options	15.5	13.1
Common stock dividends	(322.1)	(280.3)
Repurchases of common stock	(117.1)	(300.1)
Repayments of long-term debt	(104.8)	(324.6)
Acquisition-related payments	(33.7)	(53.7)
Tax payments for employee shares withheld	(29.2)	(38.8)
Net (decrease) increase in short-term borrowings	(17.5)	3.0
Distributions to noncontrolling interests	(16.9)	(20.4)
Other financing activities	(15.2)	(3.1)
<b>Net cash provided by (used in) Financing Activities</b>	<b>1,853.2</b>	<b>(1,004.9)</b>
Currency effect	(47.3)	16.8
<b>Net decrease in Cash, Cash Equivalents and Restricted Cash</b>	<b>\$ (120.5)</b>	<b>\$ (302.5)</b>

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(\$ in Millions)



## Balance Sheet – Current Portion

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 673.4	\$ 790.9
Accounts receivable, net	5,126.6	4,585.0
Accounts receivable, billable to clients	1,900.6	1,747.4
Assets held for sale	5.7	5.7
Other current assets	476.6	346.5
<b>Total current assets</b>	<b>\$ 8,182.9</b>	<b>\$ 7,475.5</b>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 6,698.1	\$ 6,420.2
Accrued liabilities	806.9	674.7
Contract liabilities	533.9	484.7
Short-term borrowings	73.7	84.9
Current portion of long-term debt	0.1	2.0
Liabilities held for sale	11.2	8.8
<b>Total current liabilities</b>	<b>\$ 8,123.9</b>	<b>\$ 7,675.3</b>

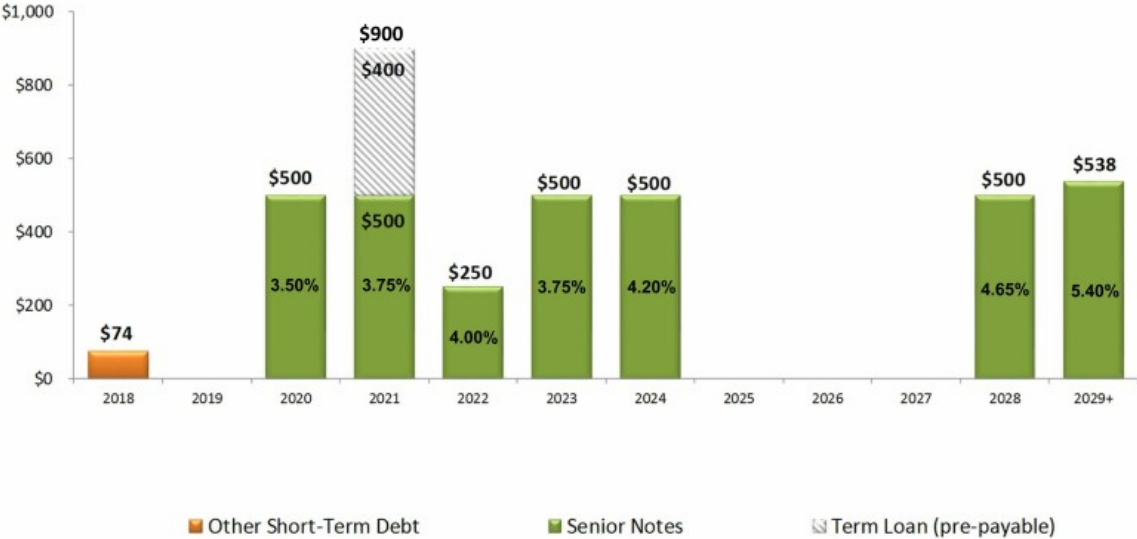
Page 10 Includes \$160.3 of Acxiom current assets and \$110.5 of Acxiom current liabilities.

(\$ in Millions)



# Debt Maturity Schedule

Total Debt = \$3.7 billion



Senior Notes shown at face value on December 31, 2018



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# Summary

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- Foundation for sustained value creation in top talent and key strategic initiatives
  - Quality of our agency offerings
  - Integrated digital & digital specialists
  - "Open architecture" solutions
  - Scaled data management
- Effective expense management an ongoing priority
- Continued focus on growth and margin improvement
- Financial strength an ongoing source of value creation



Interpublic Group

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## **Appendix**

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# Operating Performance

	Twelve Months Ended December 31,	
	2018	2017
Net Revenue	\$ 8,031.6	\$ 7,473.5
Billable Expenses	1,682.8	1,574.1
<b>Total Revenue</b>	<b>9,714.4</b>	<b>9,047.6</b>
Salaries and Related Expenses	5,298.3	4,990.7
Office and Other Direct Expenses	1,355.1	1,268.8
Billable Expenses	1,682.8	1,574.1
Selling, General and Administrative Expenses <sup>(1)</sup>	166.5	118.5
Depreciation and Amortization <sup>(2)</sup>	202.9	157.1
<b>Operating Income</b>	<b>1,008.8</b>	<b>938.4</b>
Interest Expense, net <sup>(1)</sup>	(101.2)	(71.4)
Other Expense, net <sup>(1)</sup>	(69.6)	(26.2)
Income Before Income Taxes	838.0	840.8
Provision for Income Taxes	199.2	271.3
Equity in Net (Loss) Income of Unconsolidated Affiliates	(1.1)	0.9
<b>Net Income</b>	<b>637.7</b>	<b>570.4</b>
Net Income Attributable to Noncontrolling Interests	(18.8)	(16.0)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 618.9</b>	<b>\$ 554.4</b>
Earnings per Share Available to IPG Common Stockholders - Basic	\$ 1.61	\$ 1.42
Earnings per Share Available to IPG Common Stockholders - Diluted	\$ 1.59	\$ 1.40
Weighted-Average Number of Common Shares Outstanding - Basic	383.3	389.6
Weighted-Average Number of Common Shares Outstanding - Diluted	389.0	397.3
Dividends Declared per Common Share	\$ 0.84	\$ 0.72

<sup>(1)</sup> Includes \$35.0 in Selling, General and Administrative Expenses, \$3.3 in Interest Expense, net, and \$10.3 in Other Expense, net related to Acxiom transaction costs in 2018.

Page 14 <sup>(2)</sup> Includes \$37.6 and \$21.1 of amortization of acquired intangibles in 2018 and 2017, respectively.

(Amounts in Millions, except per share amounts)



# Cash Flow

	Three Months Ended December 31,	
	2018	2017
<b>NET INCOME</b>	\$ 342.5	\$ 269.2
<b>OPERATING ACTIVITIES</b>		
Depreciation & amortization	93.7	56.4
Deferred taxes	37.0	(28.3)
Net losses on sales of businesses	11.9	3.2
Other non-cash items	(5.9)	(3.4)
Change in working capital, net	436.2	677.9
Change in other non-current assets & liabilities	(23.6)	45.8
<b>Net cash provided by Operating Activities</b>	<b>891.8</b>	<b>1,020.8</b>
<b>INVESTING ACTIVITIES</b>		
Acquisitions, net of cash acquired	(2,297.8)	(8.0)
Capital expenditures	(71.4)	(47.2)
Other investing activities	(5.7)	(0.5)
<b>Net cash used in Investing Activities</b>	<b>(2,374.9)</b>	<b>(55.7)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	500.0	0.0
Exercise of stock options	6.4	1.0
Repurchases of common stock	0.0	(84.1)
Repayments of long-term debt	(99.9)	(301.0)
Common stock dividends	(80.5)	(69.1)
Net decrease in short-term borrowings	(12.9)	(426.9)
Distributions to noncontrolling interests	(3.5)	(3.5)
Acquisition-related payments	(3.3)	(4.6)
Tax payments for employee shares withheld	(0.4)	(0.4)
Other financing activities	(3.3)	(3.2)
<b>Net cash provided by (used in) financing activities</b>	<b>302.6</b>	<b>(891.8)</b>
Currency effect	(12.0)	16.4
<b>Net (decrease) increase in Cash, Cash Equivalents and Restricted Cash</b>	<b>\$ (1,192.5)</b>	<b>\$ 89.7</b>

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(\$ in Millions)





# Depreciation and Amortization

	2018				
	Q1	Q2	Q3	Q4	FY 2018
Depreciation	\$ 40.7	\$ 38.8	\$ 38.9	\$ 46.9	\$ 165.3
Amortization of acquired intangibles <sup>(1)</sup>	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

	2017				
	Q1	Q2	Q3	Q4	FY 2017
Depreciation	\$ 35.7	\$ 36.0	\$ 37.0	\$ 27.3	\$ 136.0
Amortization of acquired intangibles	5.3	5.3	5.2	5.3	21.1
Amortization of restricted stock and other non-cash compensation	29.7	16.3	13.8	22.2	82.0
Net amortization of bond discounts and deferred financing costs	1.4	1.4	1.4	1.6	5.8

Page 16 <sup>(1)</sup> For the fourth quarter 2018, \$16.7 relates to Acxiom which was acquired on October 1, 2018.

(\$ in Millions)



# Reconciliation of Organic Net Revenue

	Components of Change				Change		
	Three Months Ended December 31, 2017	Foreign Currency	Net Acquisitions / (Divestitures)	Organic	Three Months Ended December 31, 2018	Organic	Total
<b>Segment Revenue</b>							
IAN	\$ 1,810.2	\$ (31.5)	\$ (18.0)	\$ 134.2	\$ 1,894.9	7.4%	4.7%
CMG	320.9	(3.5)	3.3	16.4	337.1	5.1%	5.0%
Corporate and other <sup>(1)</sup>	0.0	0.0	181.7	0.0	181.7	N/A	N/A
<b>Total</b>	<b>\$ 2,131.1</b>	<b>\$ (35.0)</b>	<b>\$ 167.0</b>	<b>\$ 150.6</b>	<b>\$ 2,413.7</b>	<b>7.1%</b>	<b>13.3%</b>
<b>Geographic Revenue</b>							
<b>United States</b>	<b>\$ 1,164.5</b>	<b>\$ 0.0</b>	<b>\$ 162.3</b>	<b>\$ 73.5</b>	<b>\$ 1,400.3</b>	<b>6.3%</b>	<b>20.2%</b>
<b>International</b>	<b>966.6</b>	<b>(35.0)</b>	<b>4.7</b>	<b>77.1</b>	<b>1,013.4</b>	<b>8.0%</b>	<b>4.8%</b>
United Kingdom	176.2	(3.6)	8.9	17.0	198.5	9.6%	12.7%
Continental Europe	241.6	(2.6)	(0.7)	9.8	248.1	4.1%	2.7%
Asia Pacific	284.2	(9.9)	0.1	18.8	293.2	6.6%	3.2%
Latin America	109.2	(15.9)	(2.1)	19.0	110.2	17.4%	0.9%
All Other Markets	155.4	(3.0)	(1.5)	12.5	163.4	8.0%	5.1%
<b>Worldwide</b>	<b>\$ 2,131.1</b>	<b>\$ (35.0)</b>	<b>\$ 167.0</b>	<b>\$ 150.6</b>	<b>\$ 2,413.7</b>	<b>7.1%</b>	<b>13.3%</b>

Page 17 <sup>(1)</sup> Revenue is from Axiom which was acquired on October 1, 2018.

(\$ in Millions)



# Reconciliation of Organic Net Revenue

	Components of Change				Change		
	Twelve Months Ended December 31, 2017	Foreign Currency	Net Acquisitions / (Divestitures)	Organic	Twelve Months Ended December 31, 2018	Organic	Total
<b>Segment Revenue</b>							
IAN	\$ 6,266.7	\$ 6.9	\$ (61.1)	\$ 373.3	\$ 6,585.8	6.0%	5.1%
CMG	1,206.8	9.0	7.6	40.7	1,264.1	3.4%	4.7%
Corporate and other <sup>(1)</sup>	0.0	0.0	181.7	0.0	181.7	N/A	N/A
<b>Total</b>	<b>\$ 7,473.5</b>	<b>\$ 15.9</b>	<b>\$ 128.2</b>	<b>\$ 414.0</b>	<b>\$ 8,031.6</b>	<b>5.5%</b>	<b>7.5%</b>
<b>Geographic Revenue</b>							
<b>United States</b>	<b>\$ 4,458.8</b>	<b>\$ 0.0</b>	<b>\$ 139.9</b>	<b>\$ 226.3</b>	<b>\$ 4,825.0</b>	<b>5.1%</b>	<b>8.2%</b>
<b>International</b>	<b>3,014.7</b>	<b>15.9</b>	<b>(11.7)</b>	<b>187.7</b>	<b>3,206.6</b>	<b>6.2%</b>	<b>6.4%</b>
United Kingdom	613.1	24.1	15.3	59.2	711.7	9.7%	16.1%
Continental Europe	687.8	27.8	(14.7)	36.6	737.5	5.3%	7.2%
Asia Pacific	866.9	(2.0)	(2.0)	33.9	896.8	3.9%	3.4%
Latin America	350.8	(35.6)	(6.1)	41.0	350.1	11.7%	(0.2%)
All Other Markets	496.1	1.6	(4.2)	17.0	510.5	3.4%	2.9%
<b>Worldwide</b>	<b>\$ 7,473.5</b>	<b>\$ 15.9</b>	<b>\$ 128.2</b>	<b>\$ 414.0</b>	<b>\$ 8,031.6</b>	<b>5.5%</b>	<b>7.5%</b>

Page 18 <sup>(1)</sup> Revenue is from Acxiom which was acquired on October 1, 2018.

(\$ in Millions)



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

Three Months Ended December 31, 2018

	As Reported	Axiom Transaction Costs <sup>(2)</sup>	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 459.1	\$ (22.6)	\$ (22.0)			\$ 503.7
Total (Expenses) and Other Income	(55.2)			\$ (11.9)		(43.3)
Income Before Income Taxes	403.9	(22.6)	(22.0)	(11.9)		460.4
Provision for Income Taxes	62.2	5.6	4.2	1.1	\$ 23.4	96.5
Effective Tax Rate	15.4%					21.0%
Equity in Net Income of Unconsolidated Affiliates	0.8					0.8
Net Income Attributable to Noncontrolling Interests	(16.3)					(16.3)
<b>Net Income Available to IPG Common Stockholders</b>	\$ 326.2	\$ (17.0)	\$ (17.8)	\$ (10.8)	\$ 23.4	\$ 348.4
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	383.4					383.4
Dilutive effect of stock options and restricted shares	6.9					6.9
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	390.3					390.3
<b>Earnings Per Share Available to IPG Common Stockholders:</b>						
Basic	\$ 0.85	\$ (0.04)	\$ (0.05)	\$ (0.03)	\$ 0.06	\$ 0.91
Diluted	\$ 0.84	\$ (0.04)	\$ (0.05)	\$ (0.03)	\$ 0.06	\$ 0.89

<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.

Page 19 <sup>(2)</sup> Axiom transaction costs of \$22.6 recorded in Selling, General and Administrative Expenses.

(Amounts in Millions, except per share amounts)



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

Twelve Months Ended December 31, 2018

	As Reported	Acxiom Transaction Costs <sup>(2)</sup>	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 1,008.8	\$ (35.0)	\$ (37.6)			\$ 1,081.4
Total (Expenses) and Other Income	(170.8)	(13.6)		\$ (61.9)		(95.3)
Income Before Income Taxes	838.0	(48.6)	(37.6)	(61.9)		986.1
Provision for Income Taxes	199.2	12.1	4.8	2.2	\$ 23.4	241.7
Effective Tax Rate	23.8%					24.5%
Equity in Net Loss of Unconsolidated Affiliates	(1.1)					(1.1)
Net Income Attributable to Noncontrolling Interests	(18.8)					(18.8)
<b>Net Income Available to IPG Common Stockholders</b>	\$ 618.9	\$ (36.5)	\$ (32.8)	\$ (59.7)	\$ 23.4	\$ 724.5
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	383.3					383.3
Dilutive effect of stock options and restricted shares	5.7					5.7
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	389.0					389.0
<b>Earnings Per Share Available to IPG Common Stockholders:</b>						
Basic	\$ 1.61	\$ (0.10)	\$ (0.09)	\$ (0.16)	\$ 0.06	\$ 1.89
Diluted	\$ 1.59	\$ (0.09)	\$ (0.08)	\$ (0.15)	\$ 0.06	\$ 1.86

<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.

Page 20 <sup>(2)</sup> Acxiom transaction costs of \$35.0 recorded in Selling, General and Administrative Expenses and \$13.6 in Total (Expenses) and Other Income.

(Amounts in Millions, except per share amounts)



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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
<b>Net Revenue</b>	\$ 2,413.7	\$ 2,131.1	\$ 8,031.6	\$ 7,473.5
<b>EBITA Reconciliation:</b>				
<b>Net Income Available to IPG Common Stockholders</b>	\$ 326.2	\$ 252.3	\$ 618.9	\$ 554.4
Add Back:				
Provision for Income Taxes	62.2	135.1	199.2	271.3
Subtract:				
Total (Expenses) and Other Income	(55.2)	(19.5)	(170.8)	(97.6)
Equity in Net Income (Loss) of Unconsolidated Affiliates	0.8	0.8	(1.1)	0.9
Net Income Attributable to Noncontrolling Interests	(16.3)	(16.9)	(18.8)	(16.0)
<b>Operating Income</b>	<b>459.1</b>	<b>423.0</b>	<b>1,008.8</b>	<b>938.4</b>
Add Back:				
Amortization of Acquired Intangibles	22.0	5.3	37.6	21.1
<b>EBITA</b>	<b>481.1</b>	<b>428.3</b>	<b>1,046.4</b>	<b>959.5</b>
Acxiom Transaction Costs	22.6	0.0	35.0	0.0
<b>Adjusted EBITA</b>	<b>\$ 503.7</b>	<b>\$ 428.3</b>	<b>\$ 1,081.4</b>	<b>\$ 959.5</b>
Adjusted EBITA Margin on Net Revenue %	20.9%	20.1%	13.5%	12.8%

<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>

Three Months Ended December 31, 2017

	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	U.S. Federal Tax Credits	Net Impact of U.S. Tax Reform	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 423.0	\$ (5.3)				\$ 428.3
Total (Expenses) and Other Income	(19.5)		\$ (3.2)			(16.3)
Income Before Income Taxes	403.5	(5.3)	(3.2)			412.0
Provision for Income Taxes	135.1	0.3	5.7	\$ (31.2)	\$ 36.0	145.9
Effective Tax Rate	33.5%					35.4%
Equity in Net Income of Unconsolidated Affiliates	0.8					0.8
Net Income Attributable to Noncontrolling Interests	(16.9)					(16.9)
<b>Net Income Available to IPG Common Stockholders</b>	\$ 252.3	\$ (5.0)	\$ 2.5	\$ (31.2)	\$ 36.0	\$ 250.0
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	385.1					385.1
Dilutive Effect of Stock Options and Restricted Shares	8.1					8.1
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	393.2					393.2
<b>Earnings per Share Available to IPG Common Stockholders:</b>						
Basic	\$ 0.66	\$ (0.01)	\$ 0.01	\$ (0.08)	\$ 0.09	\$ 0.65
Diluted	\$ 0.64	\$ (0.01)	\$ 0.01	\$ (0.08)	\$ 0.09	\$ 0.64

<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.

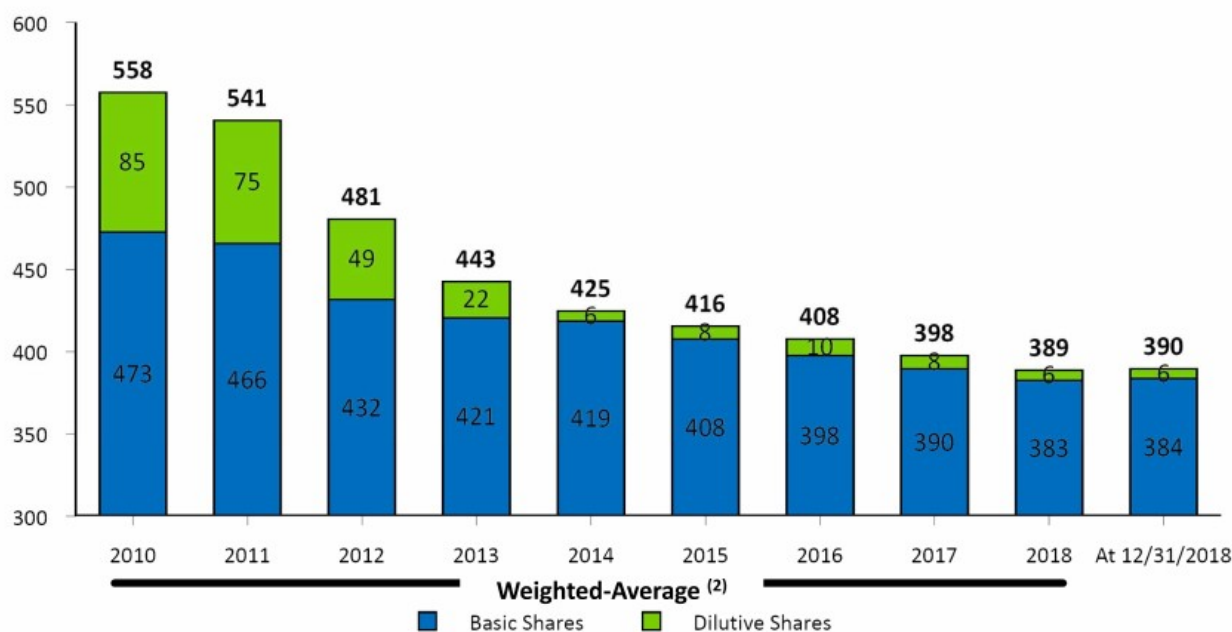
# Reconciliation of Adjusted Results <sup>(1)</sup>

	Twelve Months Ended December 31, 2017				
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Net Impact of U.S. Tax Reform	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 938.4	\$ (21.1)			\$ 959.5
Total (Expenses) and Other Income	(97.6)		\$ (24.1)		(73.5)
Income Before Income Taxes	840.8	(21.1)	(24.1)		886.0
Provision for Income Taxes	271.3	1.0	7.4	\$ 36.0	315.7
Effective Tax Rate	32.3%				35.6%
Equity in Net Income of Unconsolidated Affiliates	0.9				0.9
Net Income Attributable to Noncontrolling Interests	(16.0)				(16.0)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 554.4</b>	<b>\$ (20.1)</b>	<b>\$ (16.7)</b>	<b>\$ 36.0</b>	<b>\$ 555.2</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	389.6				389.6
Dilutive Effect of Stock Options and Restricted Shares	7.7				7.7
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>397.3</b>				<b>397.3</b>
<b>Earnings per Share Available to IPG Common Stockholders:</b>					
Basic	\$ 1.42	\$ (0.05)	\$ (0.04)	\$ 0.09	\$ 1.43
Diluted	\$ 1.40	\$ (0.05)	\$ (0.04)	\$ 0.09	\$ 1.40

<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.



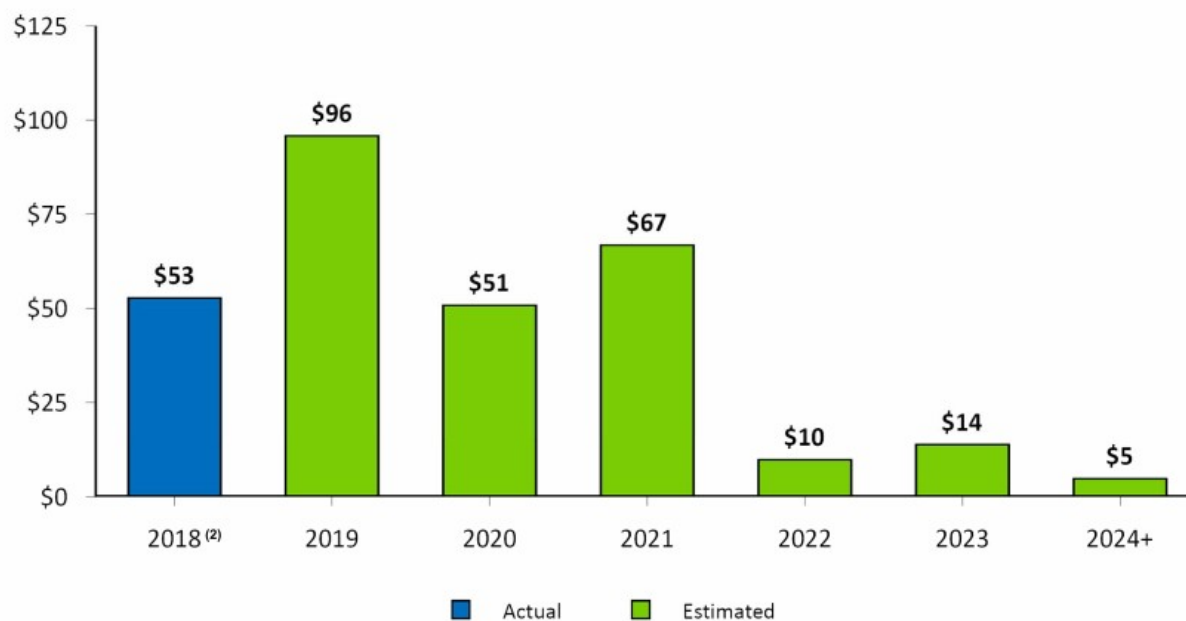
# Total Shares: Basic and Eligible for Dilution <sup>(1)</sup>



(1) Includes basic common shares outstanding, restricted shares, in-the-money stock options and convertible debt and preferred stock eligible for dilution.

(2) Equals weighted-average shares outstanding as defined above for the twelve months ending December 31st for the periods presented.

# Acquisition Payment Obligations (1)



(1) Amounts represent payments related to our previous acquisitions based on current estimates of financial performance and are subject to change. Amounts include deferred payments, payments we may be required to make in connection with our redeemable noncontrolling interests and call options with affiliates. With respect to redeemable noncontrolling interests and call options with affiliates, the estimated payment amounts are shown as an obligation in the earliest year in which they are exercisable, though some are eligible for exercise in multiple years.

Page 25 (2) 2018 payments included \$19 recorded within Operating Activities in our Statement of Cash Flows.

(\$ in Millions)





Interpublic Group

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# Metrics Update

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# Metrics Update

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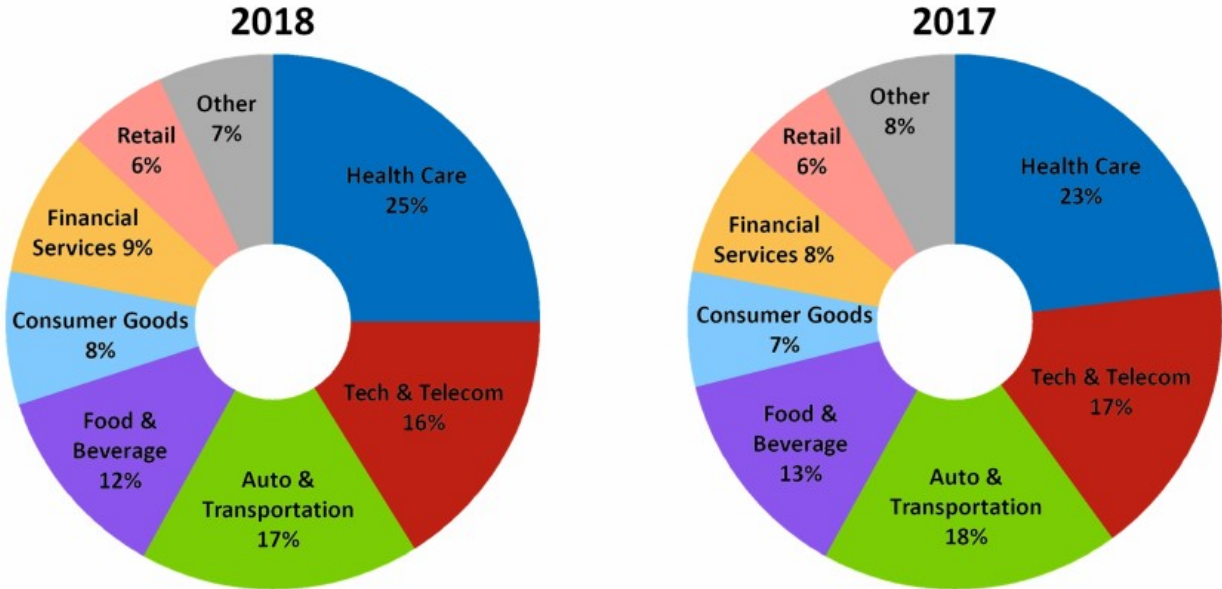
<b>Category</b>	<b>Metric</b>
NET REVENUE	By Client Sector
SALARIES & RELATED (% of net revenue)	Twelve Months Ended Base, Benefits & Tax Incentive Expense Severance Expense Temporary Help
OFFICE & OTHER DIRECT (% of net revenue)	Twelve Months Ended Occupancy Expense All Other Office and Other Direct Expenses
REAL ESTATE	Total Square Feet
FINANCIAL	Available Liquidity \$1.5 Billion 5-Year Credit Facility Covenants

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# Net Revenue By Client Sector

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Top 100 Clients for the twelve months ended December 31



Approximately 55% of Consolidated Net Revenue

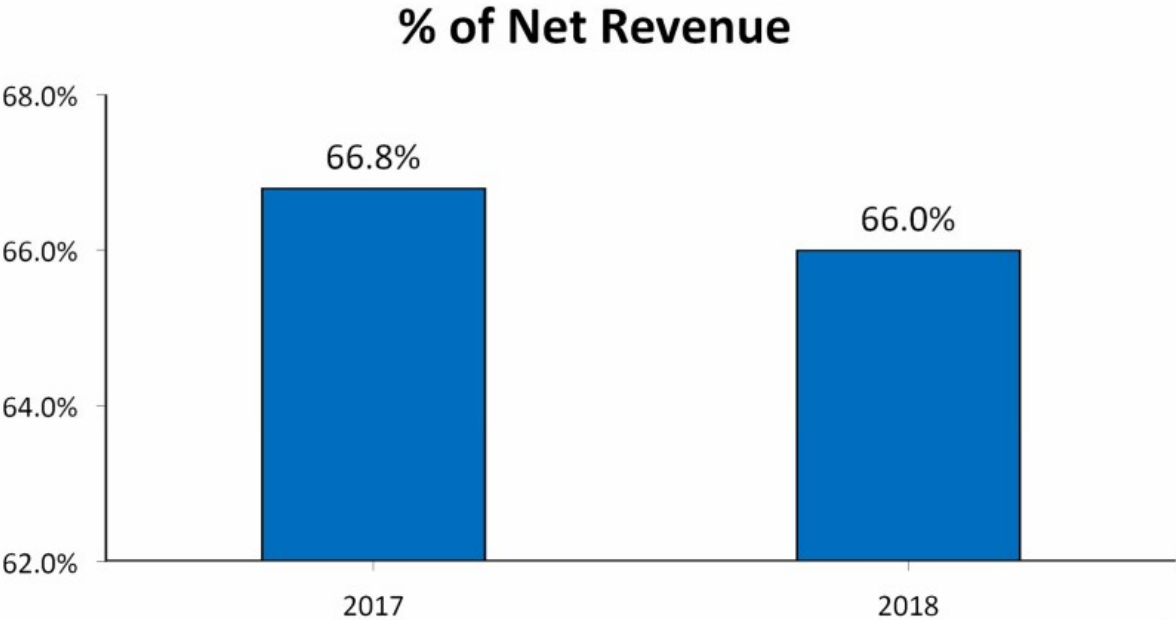


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# Salaries & Related Expenses

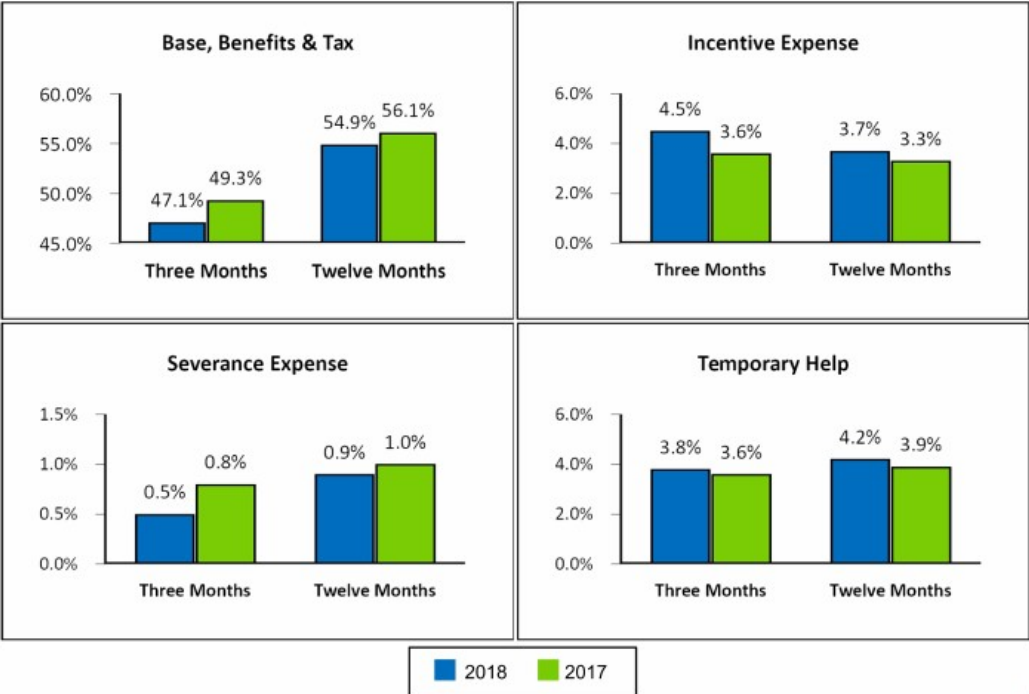
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Twelve Months Ended December 31



# Salaries & Related Expenses (% of Net Revenue)

## Three and Twelve Months Ended December 31



Page 30 "All Other Salaries & Related," not shown, was 3.1% and 3.3% for the three months ended December 31, 2018 and 2017, respectively, and 2.3% and 2.5% for the twelve months ended December 31, 2018 and 2017, respectively.

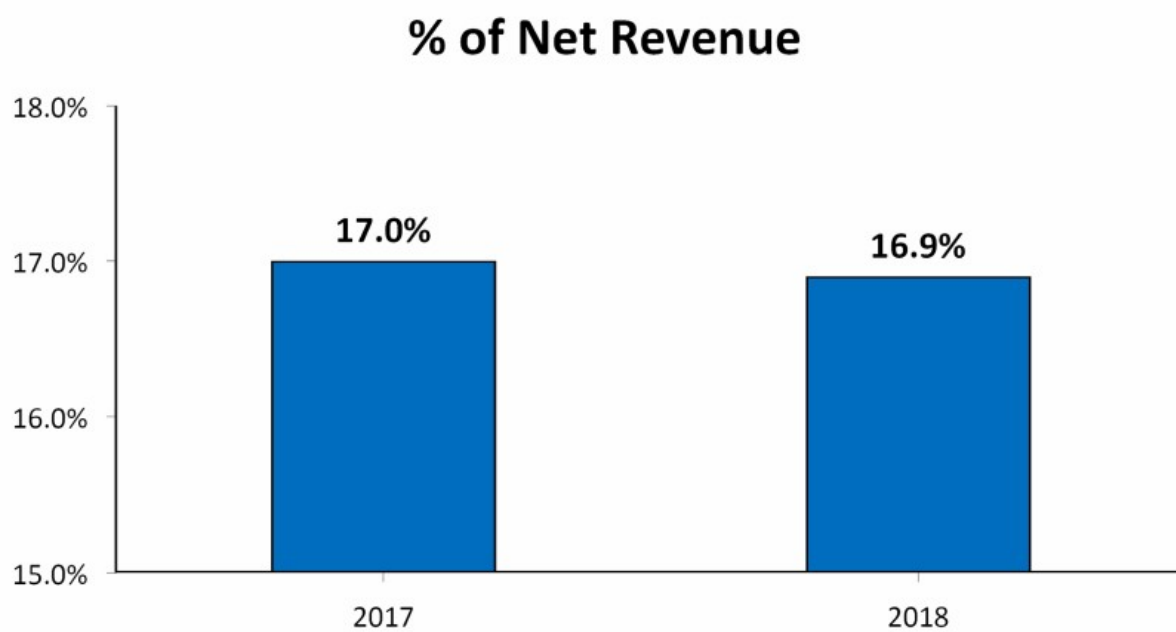


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# Office & Other Direct Expenses

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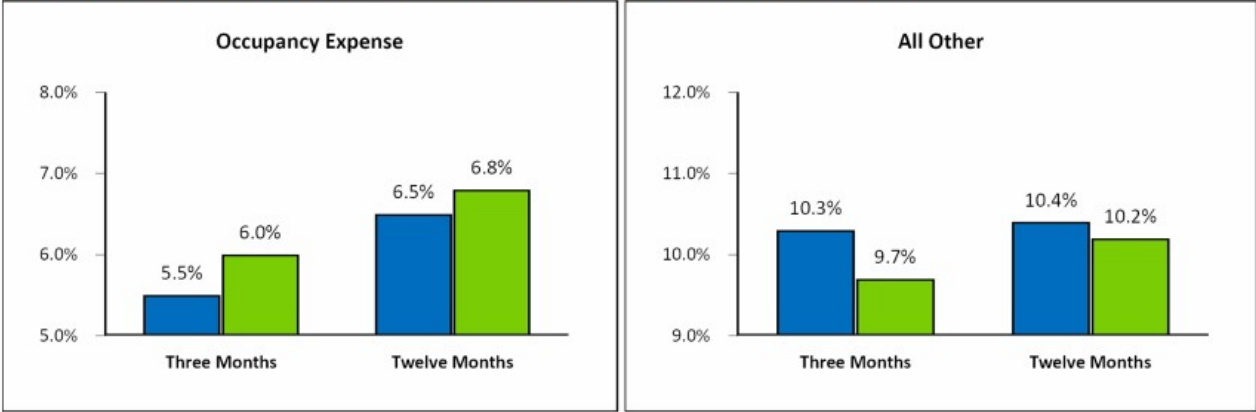
Twelve Months Ended December 31





# Office & Other Direct Expenses (% of Revenue)

## Three and Twelve Months Ended December 31

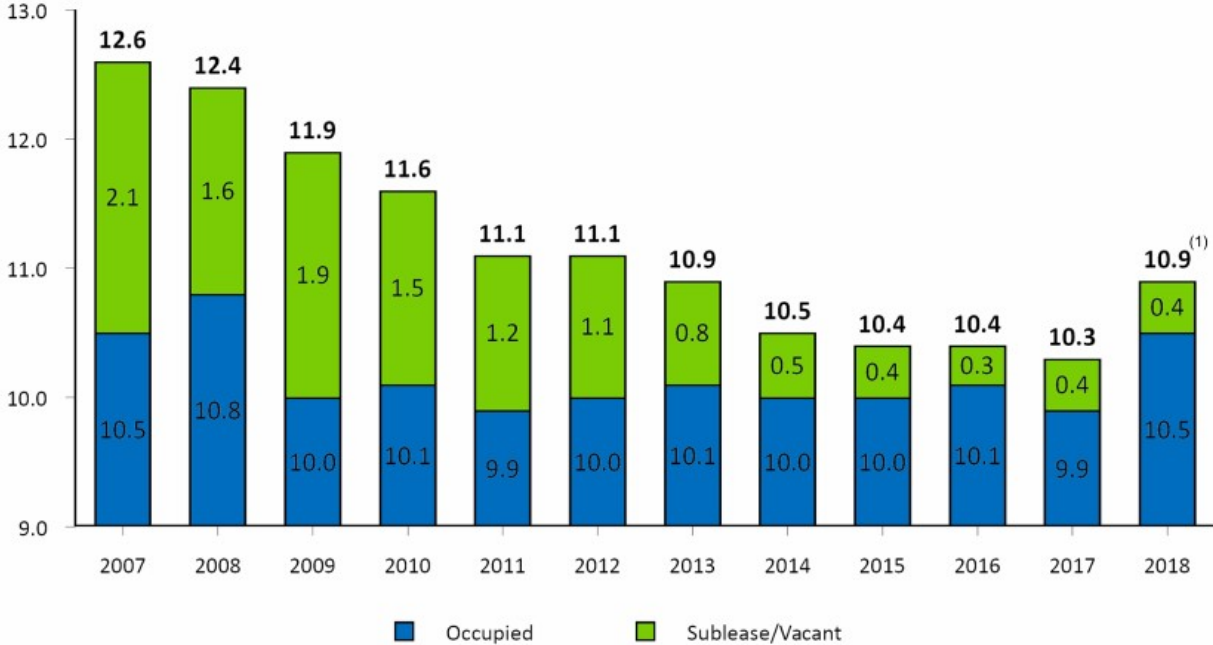


"All Other" primarily includes production expenses, travel and entertainment, professional fees, spending to support new business activity, telecommunications, office supplies, bad debt expense, adjustments to contingent acquisition obligations, foreign currency losses (gains), long-lived asset impairments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



# Real Estate

## Total Square Feet as of December 31,



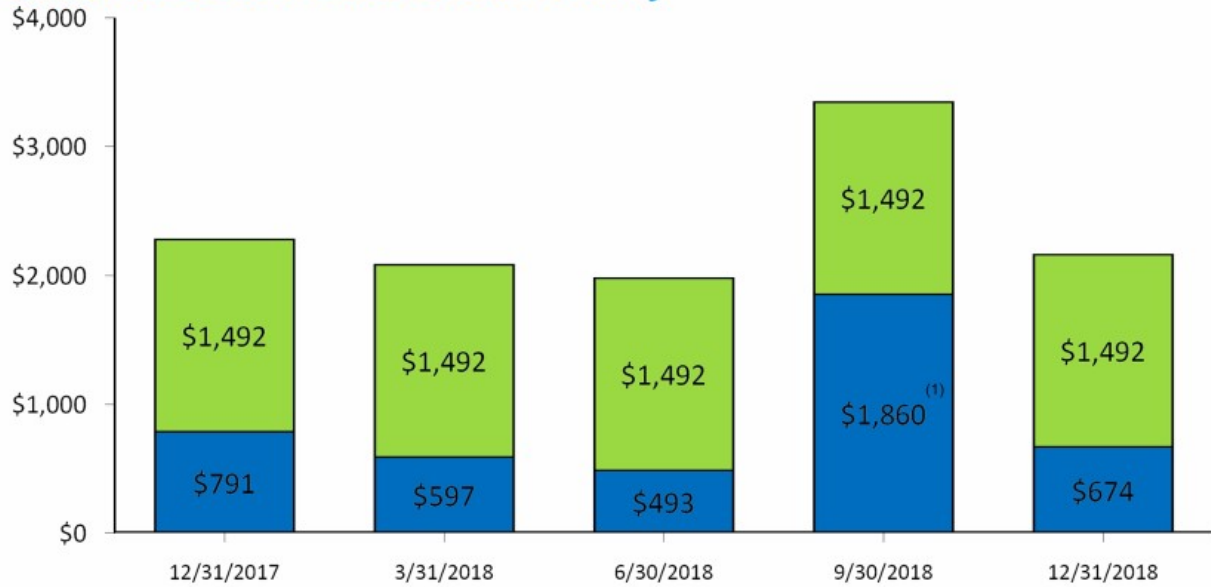
Page 33 <sup>(1)</sup> Increase primarily due to the inclusion of Acxiom real estate.

(Amounts in Millions)



# Available Liquidity

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



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

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

# Credit Facility and Term Loan Covenants

Covenants	Twelve Months Ended December 31, 2018
I. Interest Coverage Ratio (not less than) :	5.00x
Actual Interest Coverage Ratio:	7.93x
II. Leverage Ratio (not greater than) <sup>(1)</sup> :	4.00x
Actual Leverage Ratio:	2.61x
<b>Interest Expense Reconciliation</b> <sup>(2)</sup>	
<b>Twelve Months Ended December 31, 2018</b>	
Interest Expense:	\$200.4
- Interest income	21.8
- Other	(2.0)
Net interest expense:	\$180.6
<b>EBITDA Reconciliation</b> <sup>(2)</sup>	
<b>Twelve Months Ended December 31, 2018</b>	
Operating Income:	\$1,110.7
+ Depreciation and amortization	320.7
EBITDA:	\$1,431.4

<sup>(1)</sup> Pursuant to Amendment No. 1 of the Credit Agreement, the maximum leverage ratio increased to 4.00x after the Acxiom closing date on October 2018.

<sup>(2)</sup> Calculated as defined in the Credit Facility and Term Loan agreements. As permitted, we have reflected the Acxiom Acquisition and the issuance of Senior Notes and the Term Loan on a pro forma basis as if the transactions had occurred on January 1, 2018. The unaudited pro forma financial information used is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the period.

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# Cautionary Statement

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This investor presentation contains forward-looking statements. Statements in this investor presentation that are not historical facts, including statements about management's beliefs and expectations, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined in our most recent Annual Report on Form 10-K under Item 1A, Risk Factors, 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.

