



FIRST QUARTER 2021
EARNINGS CONFERENCE CALL

Interpublic Group
April 28, 2021

Overview — First Quarter 2021

- Net revenue growth was +2.8% and organic growth of net revenue was +1.9%
 - U.S. organic change was negative -0.2%
 - International organic growth was +6.3%
- Net income as reported was \$91.7 million, and adjusted EBITA before restructuring charges was \$265.9 million this year compared with \$97.2 million a year ago
- Adjusted EBITA before restructuring charges margin was 13.1% compared with 4.9% a year ago
- Diluted EPS was \$0.23 and was \$0.45 as adjusted compared with \$0.11 as adjusted a year ago
- Refinanced \$1.0 billion of senior notes maturing 2022-2024 with new maturities in 2031 and 2041
- Pleased with our strong start to the year and generally improving tone of business

Operating Performance

	Three Months Ended March 31,	
	2021	2020
Net Revenue	\$ 2,027.7	\$ 1,972.1
Billable Expenses	229.3	387.7
Total Revenue	2,257.0	2,359.8
Salaries and Related Expenses	1,393.1	1,422.8
Office and Other Direct Expenses	292.9	378.2
Billable Expenses	229.3	387.7
Cost of Services	1,915.3	2,188.7
Selling, General and Administrative Expenses	28.2	22.4
Depreciation and Amortization	69.2	72.8
Restructuring Charges	1.3	—
Total Operating Expenses	2,014.0	2,283.9
Operating Income	243.0	75.9
Interest Expense, net	(42.7)	(34.1)
Other Expense, net ⁽¹⁾	(83.9)	(21.8)
Income Before Income Taxes	116.4	20.0
Provision for Income Taxes	23.8	17.2
Equity in Net Loss of Unconsolidated Affiliates	(0.2)	(0.2)
Net Income	92.4	2.6
Net (Income) Loss Attributable to Noncontrolling Interests	(0.7)	2.1
Net Income Available to IPG Common Stockholders	\$ 91.7	\$ 4.7
Earnings per Share Available to IPG Common Stockholders - Basic	\$ 0.23	\$ 0.01
Earnings per Share Available to IPG Common Stockholders - Diluted	\$ 0.23	\$ 0.01
Weighted-Average Number of Common Shares Outstanding - Basic	391.5	387.7
Weighted-Average Number of Common Shares Outstanding - Diluted	396.0	391.7
Dividends Declared per Common Share	\$ 0.270	\$ 0.255

⁽¹⁾ Includes a loss of \$74.0 on early extinguishment of debt for the three months ended March 31, 2021.

(\$ in Millions, except per share amounts)

Net Revenue

	Three Months Ended	
	\$	% Change
March 31, 2020	\$ 1,972.1	
Foreign currency	29.3	1.5%
Net acquisitions/(divestitures)	(11.7)	(0.6%)
Organic	38.0	1.9%
Total change	55.6	2.8%
March 31, 2021	\$ 2,027.7	

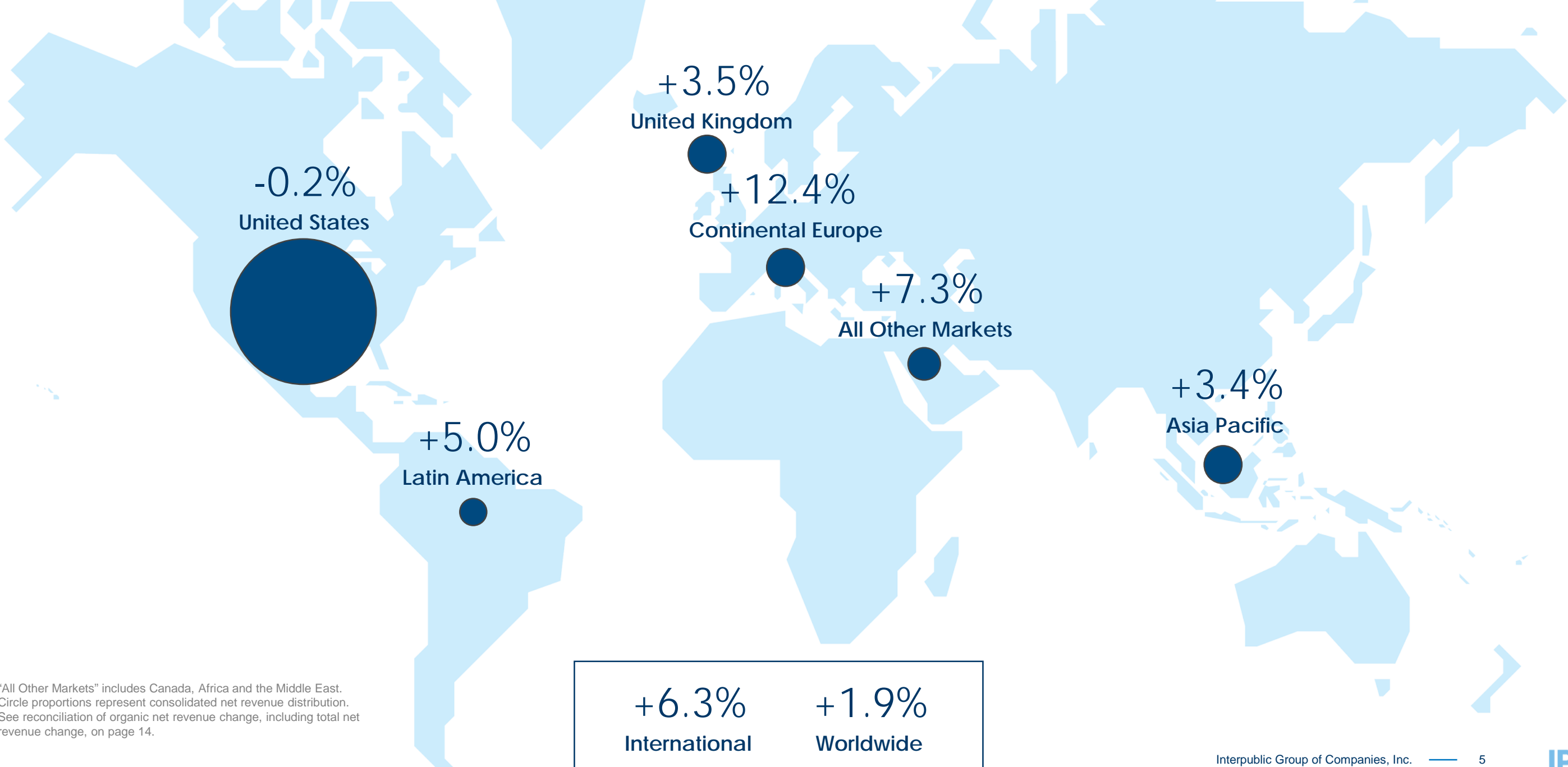
	Three Months Ended March 31,			
			Change	
	2021	2020	Organic	Total
IAN	\$ 1,734.1	\$ 1,664.5	3.2%	4.2%
DXTRA	\$ 293.6	\$ 307.6	(4.8%)	(4.6%)

See reconciliation of segment organic net revenue change on page 14.

(\$ in Millions)

Organic Net Revenue Change by Region

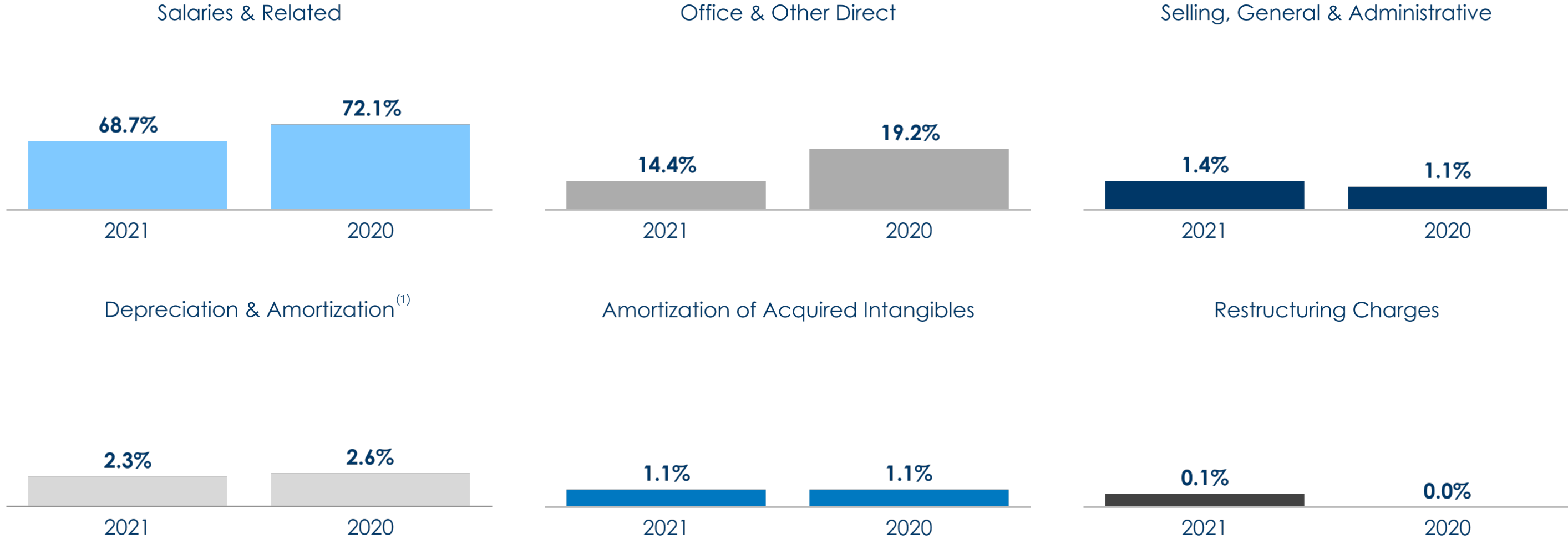
Three Months Ended March 31, 2021



“All Other Markets” includes Canada, Africa and the Middle East.
Circle proportions represent consolidated net revenue distribution.
See reconciliation of organic net revenue change, including total net revenue change, on page 14.

Operating Expenses % of Net Revenue

Three Months Ended March 31



⁽¹⁾ Excludes amortization of acquired intangibles.



Adjusted Diluted Earnings Per Share

Three Months Ended March 31, 2021

	As Reported	Amortization of Acquired Intangibles	Restructuring Charges ⁽¹⁾	Net Losses on Sales of Businesses	Loss on Early Extinguishment of Debt ⁽²⁾	Adjusted Results (Non-GAAP)
Operating Income and Adjusted EBITA before Restructuring Charges ⁽³⁾	\$ 243.0	\$ (21.6)	\$ (1.3)			\$ 265.9
Total (Expenses) and Other Income ⁽⁴⁾	(126.6)			\$ (12.5)	\$ (74.0)	(40.1)
Income Before Income Taxes	116.4	(21.6)	(1.3)	(12.5)	(74.0)	225.8
Provision for Income Taxes	23.8	4.2	0.3	0.7	18.5	47.5
Equity in Net Loss of Unconsolidated Affiliates	(0.2)					(0.2)
Net Income Attributable to Noncontrolling Interests	(0.7)					(0.7)
DILUTED EPS COMPONENTS:						
Net Income Available to IPG Common Stockholders	\$ 91.7	\$ (17.4)	\$ (1.0)	\$ (11.8)	\$ (55.5)	\$ 177.4
Weighted-Average Number of Common Shares Outstanding	396.0					396.0
Earnings per Share Available to IPG Common Stockholders ⁽⁵⁾	\$ 0.23	\$ (0.04)	\$ 0.00	\$ (0.03)	\$ (0.14)	\$ 0.45

⁽¹⁾ Restructuring charges of \$1.3 in the first quarter of 2021 were related to adjustments to our restructuring actions taken in 2020, which were designed to reduce our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business.

⁽²⁾ Consists of a loss related to the early extinguishment of our 4.000% unsecured senior notes due 2022, 3.750% unsecured senior notes due 2023 and half of our 4.200% unsecured senior notes due 2024.

⁽³⁾ Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on page 16.

⁽⁴⁾ Consists of non-operating expenses including interest expense, net and other expense, net.

⁽⁵⁾ Earnings per share may not add due to rounding.

See full non-GAAP reconciliation of adjusted diluted earnings per share on page 15.

(\$ in Millions, except per share amounts)

Cash Flow

		Three Months Ended March 31,	
		2021	2020
Net Income		\$ 92.4	\$ 2.6
OPERATING ACTIVITIES:	Depreciation & amortization	92.2	98.3
	Loss on early extinguishment of debt	74.0	—
	Deferred taxes	18.2	(11.2)
	Net losses on sales of businesses	12.5	23.3
	Other non-cash items	2.4	23.8
	Change in working capital, net	(496.9)	(371.6)
	Change in other non-current assets & liabilities	(44.6)	(42.3)
	Net cash used in Operating Activities	(249.8)	(277.1)
INVESTING ACTIVITIES:	Capital expenditures	(28.3)	(44.6)
	Acquisitions, net of cash acquired	—	(1.3)
	Net proceeds from investments	28.8	1.8
	Other investing activities	(0.3)	(16.7)
	Net cash provided by (used in) Investing Activities	0.2	(60.8)
FINANCING ACTIVITIES:	Early extinguishment of long-term debt	(1,066.8)	—
	Common stock dividends	(109.1)	(100.0)
	Tax payments for employee shares withheld	(22.4)	(19.1)
	Acquisition-related payments	(3.4)	(18.6)
	Distributions to noncontrolling interests	(3.3)	(5.6)
	Net (decrease) increase in short-term borrowings	(2.9)	247.8
	Proceeds from long-term debt	998.1	646.2
	Exercise of stock options	8.0	0.0
	Other financing activities	(10.9)	(6.3)
	Net cash (used in) provided by Financing Activities	(212.7)	744.4
	Currency effect	(30.4)	(46.7)
Net (decrease) increase in cash, cash equivalents and restricted cash		\$ (492.7)	\$ 359.8

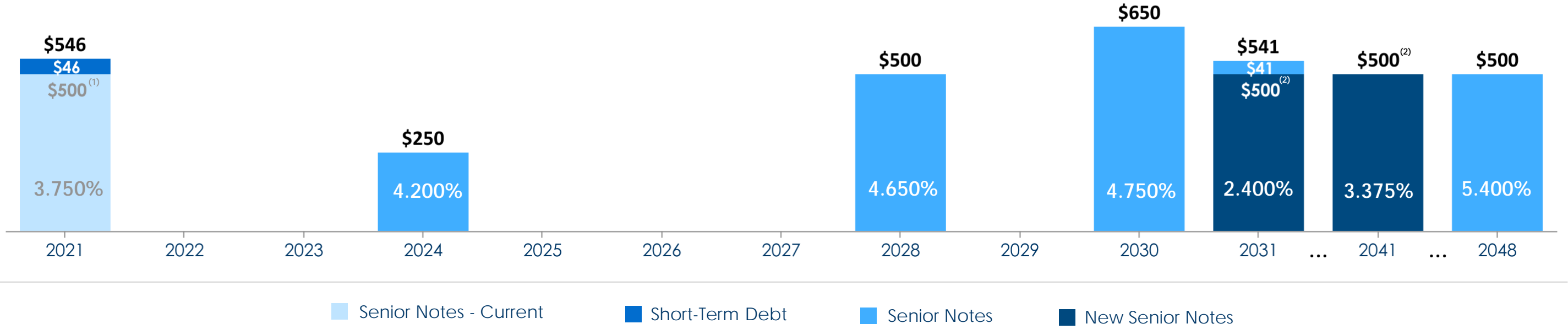
Balance Sheet — Current Portion

	March 31, 2021	December 31, 2020	March 31, 2020
CURRENT ASSETS:			
Cash and cash equivalents	\$ 2,015.3	\$ 2,509.0	\$ 1,554.0
Accounts receivable, net	3,440.3	4,646.4	3,661.5
Accounts receivable, billable to clients	1,842.7	1,820.7	1,914.0
Assets held for sale	4.5	0.8	17.4
Other current assets	467.4	390.7	449.8
Total current assets	\$ 7,770.2	\$ 9,367.6	\$ 7,596.7
CURRENT LIABILITIES:			
Accounts payable	\$ 5,862.0	\$ 7,269.7	\$ 5,559.5
Accrued liabilities	608.9	832.4	539.5
Contract liabilities	689.1	657.8	571.5
Short-term borrowings	43.1	48.0	310.1
Current portion of long-term debt	502.8	502.5	502.5
Current portion of operating leases	268.8	268.5	257.4
Liabilities held for sale	9.8	1.6	55.4
Total current liabilities	\$ 7,984.5	\$ 9,580.5	\$ 7,795.9

(\$ in Millions)

Debt Maturity Schedule

Total Debt = \$3.5 billion



⁽¹⁾ Senior Notes due on October 1, 2021

⁽²⁾ On February 25, 2021, we issued a total of \$500 in aggregate principal amount of 2.400% unsecured senior notes due March 1, 2031 and a total of \$500 in aggregate principal amount of 3.375% unsecured senior notes due March 1, 2041.

Summary

- A strong start to the year
- Intense focus on continuing to navigate the impact of COVID-19
- Well-positioned to participate in the global economic recovery
- Foundation for sustained growth
 - Quality of our agency offerings
 - Exceptional talent
 - Data capabilities at scale
 - Strong creative and innovative marketing & media solutions
 - Integrated digital and digital specialists
 - "Open architecture" agency collaboration
- Effective expense management is an ongoing priority
- Financial strength a continued source of value creation



Appendix

Depreciation and Amortization

	2021				
	Q1	Q2	Q3	Q4	YTD 2021
Depreciation and amortization ⁽¹⁾	\$ 47.6				\$ 47.6
Amortization of acquired intangibles	21.6				21.6
Amortization of restricted stock and other non-cash compensation	20.3				20.3
Net amortization of bond discounts and deferred financing costs	2.7				2.7

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

⁽¹⁾ Excludes amortization of acquired intangibles.

(\$ in Millions)

Reconciliation of Organic Net Revenue

		Three Months Ended March 31, 2020	Components of Change			Three Months Ended March 31, 2021	Change	
			Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
SEGMENT:	IAN	\$ 1,664.5	\$ 22.8	\$ (6.0)	\$ 52.8	\$ 1,734.1	3.2%	4.2%
	DXTRA	307.6	6.5	(5.7)	(14.8)	293.6	(4.8%)	(4.6%)
	Total	\$ 1,972.1	\$ 29.3	\$ (11.7)	\$ 38.0	\$ 2,027.7	1.9%	2.8%
GEOGRAPHIC:	United States	\$ 1,320.0	\$ —	\$ (7.4)	\$ (2.8)	\$ 1,309.8	(0.2%)	(0.8%)
	International	652.1	29.3	(4.3)	40.8	717.9	6.3%	10.1%
	United Kingdom	165.7	11.6	0.9	5.8	184.0	3.5%	11.0%
	Continental Europe	146.0	13.2	(1.5)	18.1	175.8	12.4%	20.4%
	Asia Pacific	158.8	8.9	(4.0)	5.4	169.1	3.4%	6.5%
	Latin America	79.3	(8.2)	0.3	4.0	75.4	5.0%	(4.9%)
	All Other Markets	102.3	3.8	0.0	7.5	113.6	7.3%	11.0%
	Worldwide	\$ 1,972.1	\$ 29.3	\$ (11.7)	\$ 38.0	\$ 2,027.7	1.9%	2.8%

(\$ in Millions)

Reconciliation of Adjusted Results ⁽¹⁾

Three Months Ended March 31, 2021

	As Reported	Amortization of Acquired Intangibles	Restructuring Charges ⁽²⁾	Net Losses on Sales of Businesses	Loss on Early Extinguishment of Debt ⁽³⁾	Adjusted Results (Non-GAAP)
Operating Income and Adjusted EBITA before Restructuring Charges ⁽⁴⁾	\$ 243.0	\$ (21.6)	\$ (1.3)			\$ 265.9
Total (Expenses) and Other Income ⁽⁵⁾	(126.6)			\$ (12.5)	\$ (74.0)	(40.1)
Income Before Income Taxes	116.4	(21.6)	(1.3)	(12.5)	(74.0)	225.8
Provision for Income Taxes	23.8	4.2	0.3	0.7	18.5	47.5
Equity in Net Loss of Unconsolidated Affiliates	(0.2)					(0.2)
Net Income Attributable to Noncontrolling Interests	(0.7)					(0.7)
Net Income Available to IPG Common Stockholders	\$ 91.7	\$ (17.4)	\$ (1.0)	\$ (11.8)	\$ (55.5)	\$ 177.4
Weighted-Average Number of Common Shares Outstanding - Basic	391.5					391.5
Dilutive effect of stock options and restricted shares	4.5					4.5
Weighted-Average Number of Common Shares Outstanding - Diluted	396.0					396.0
Earnings per Share Available to IPG Common Stockholders ⁽⁶⁾:						
Basic	\$ 0.23	\$ (0.04)	\$ 0.00	\$ (0.03)	\$ (0.14)	\$ 0.45
Diluted	\$ 0.23	\$ (0.04)	\$ 0.00	\$ (0.03)	\$ (0.14)	\$ 0.45

⁽¹⁾ The table reconciles our reported results to our adjusted non-GAAP results. Management believes the resulting comparisons provide useful supplemental data that, while not a substitute for GAAP measures, allow for greater transparency in the review of our financial and operational performance.

⁽²⁾ Restructuring charges of \$1.3 in the first quarter of 2021 were related to adjustments to our restructuring actions taken in 2020, which were designed to reduce our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business.

⁽³⁾ Consists of a loss related to the early extinguishment of our 4.000% unsecured senior notes due 2022, 3.750% unsecured senior notes due 2023 and half of our 4.200% unsecured senior notes due 2024.

⁽⁴⁾ Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on page 16.

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

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

(\$ in Millions, except per share amounts)

Reconciliation of Adjusted EBITA⁽¹⁾

	Three Months Ended March 31,	
	2021	2020
Net Revenue	\$ 2,027.7	\$ 1,972.1
Non-GAAP Reconciliation:		
Net Income Available to IPG Common Stockholders	\$ 91.7	\$ 4.7
Add Back:		
Provision for Income Taxes	23.8	17.2
Subtract:		
Total (Expenses) and Other Income	(126.6)	(55.9)
Equity in Net Loss of Unconsolidated Affiliates	(0.2)	(0.2)
Net (Income) Loss Attributable to Noncontrolling Interests	(0.7)	2.1
Operating Income	\$ 243.0	\$ 75.9
Add Back:		
Amortization of Acquired Intangibles	21.6	21.3
Adjusted EBITA	\$ 264.6	\$ 97.2
Adjusted EBITA Margin on Net Revenue %	13.0%	4.9%
Restructuring Charges ⁽²⁾	1.3	N/A
Adjusted EBITA before Restructuring Charges	\$ 265.9	N/A
Adjusted EBITA before Restructuring Charges Margin on Net Revenue %	13.1%	N/A

⁽¹⁾ The table reconciles our reported results to our adjusted non-GAAP results. Management believes the resulting comparisons provide useful supplemental data that, while not a substitute for GAAP measures, allow for greater transparency in the review of our financial and operational performance.

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(\$ in Millions)

Reconciliation of Adjusted Results⁽¹⁾

	Three Months Ended March 31, 2020			
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Adjusted Results (Non-GAAP)
Operating Income and Adjusted EBITA⁽²⁾	\$ 75.9	\$ (21.3)		\$ 97.2
Total (Expenses) and Other Income ⁽³⁾	(55.9)		\$ (23.3)	(32.6)
Income Before Income Taxes	20.0	(21.3)	(23.3)	64.6
Provision for Income Taxes	17.2	4.2	0.9	22.3
Equity in Net Loss of Unconsolidated Affiliates	(0.2)			(0.2)
Net Loss Attributable to Noncontrolling Interests	2.1			2.1
Net Income Available to IPG Common Stockholders	\$ 4.7	\$ (17.1)	\$ (22.4)	\$ 44.2
Weighted-Average Number of Common Shares Outstanding - Basic	387.7			387.7
Dilutive effect of stock options and restricted shares	4.0			4.0
Weighted-Average Number of Common Shares Outstanding - Diluted	391.7			391.7
Earnings per Share Available to IPG Common Stockholders⁽⁴⁾:				
Basic	\$ 0.01	\$ (0.04)	\$ (0.06)	\$ 0.11
Diluted	\$ 0.01	\$ (0.04)	\$ (0.06)	\$ 0.11

(1) The table reconciles our reported results to our adjusted non-GAAP results. Management believes the resulting comparisons provide useful supplemental data that, while not a substitute for GAAP measures, allow for greater transparency in the review of our financial and operational performance.

(2) Refer to non-GAAP reconciliation of Adjusted EBITA on page 16.

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

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



Metrics Update

Metrics Update

CATEGORY:

SALARIES & RELATED
(% of net revenue)

OFFICE & OTHER DIRECT
(% of net revenue)

FINANCIAL

METRIC:

Trailing Twelve Months

Trailing Twelve Months

Available Liquidity

Base, Benefits & Tax

Occupancy Expense

Credit Facility Covenant

Incentive Expense

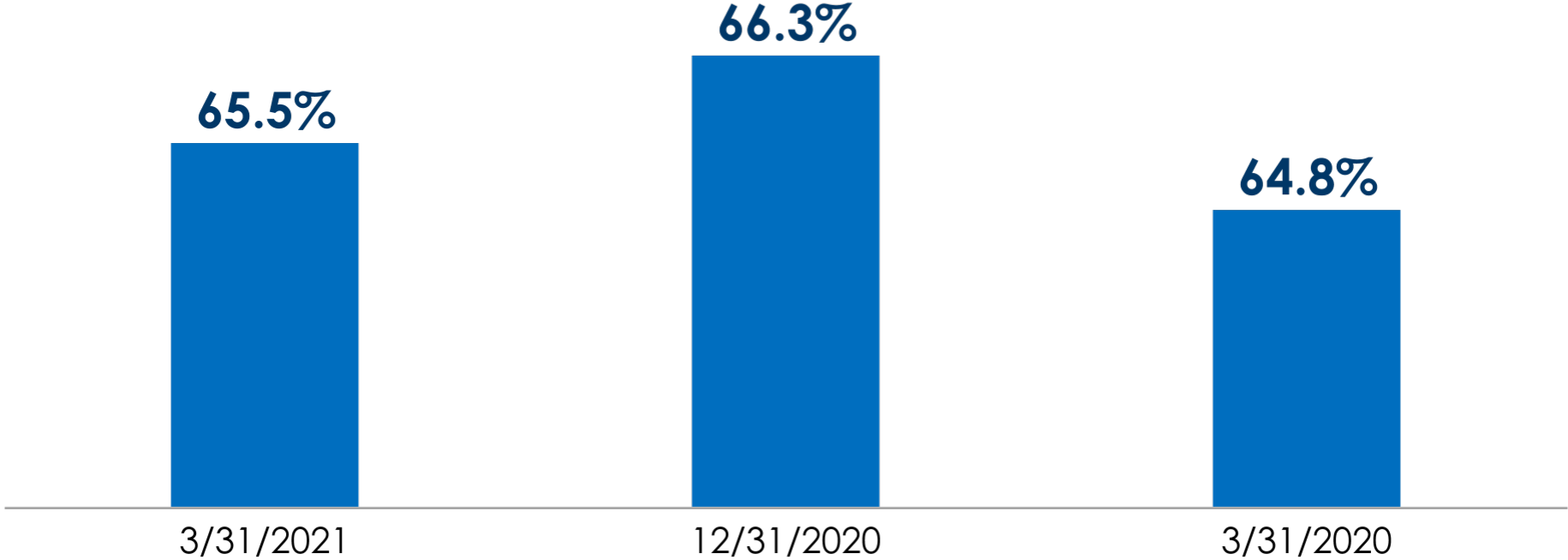
All Other Office and Other Direct Expenses

Severance Expense

Temporary Help

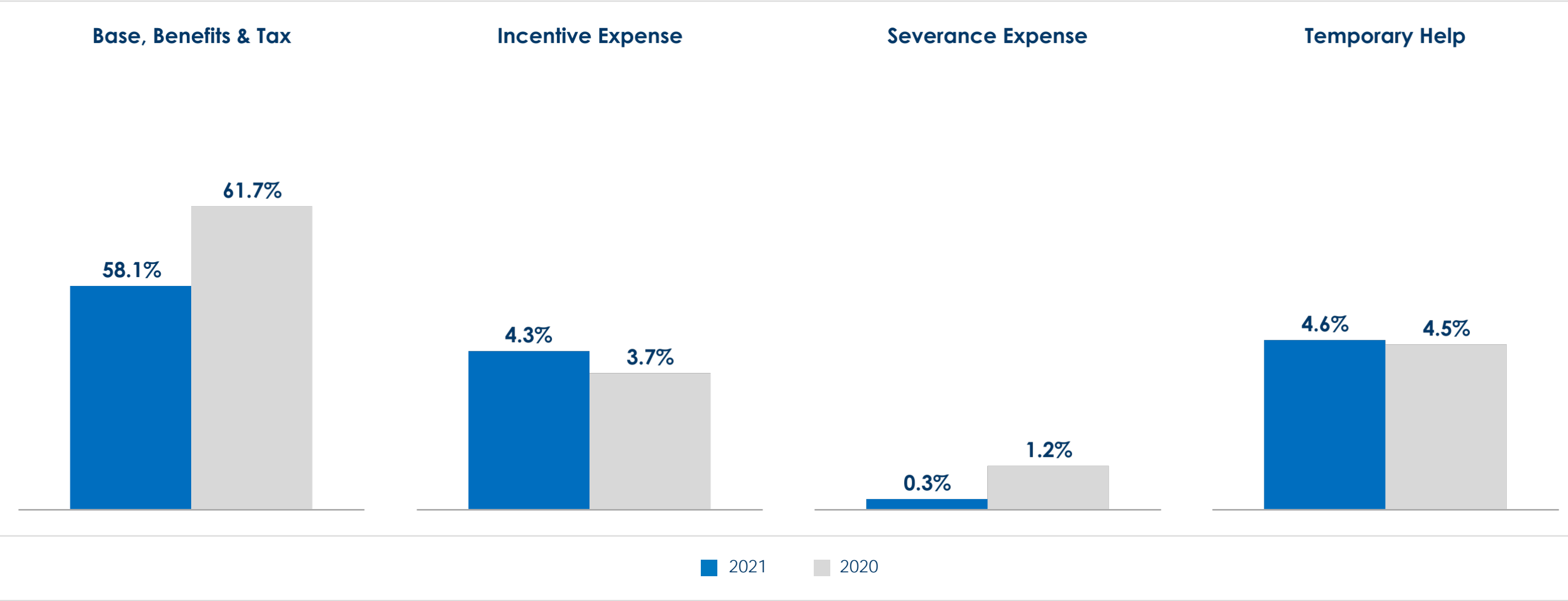
Salaries & Related Expenses

% of Net Revenue, Trailing Twelve Months



Salaries & Related Expenses (% of Net Revenue)

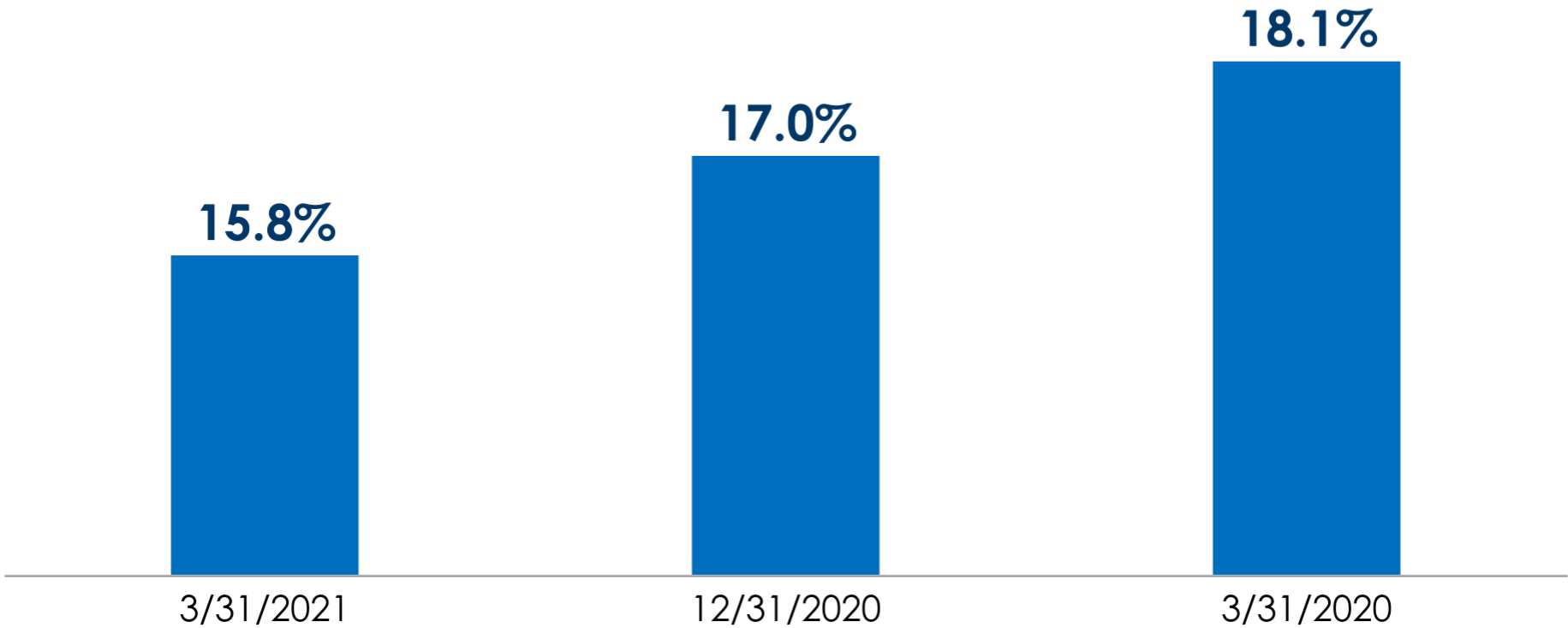
Three Months Ended March 31



"All Other Salaries & Related," not shown, was 1.4% and 1.0% for the three months ended March 31, 2021 and 2020, respectively.

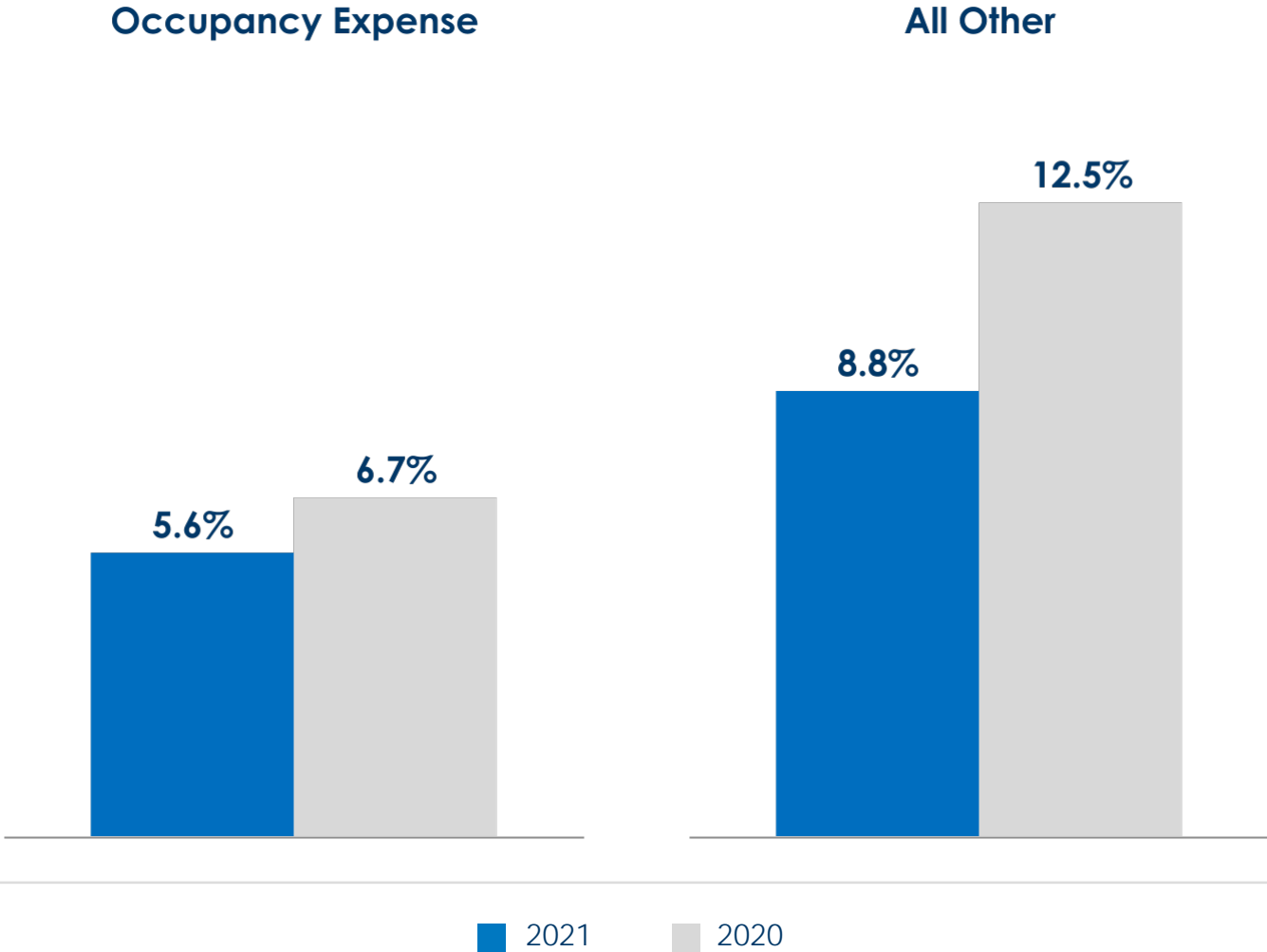
Office & Other Direct Expenses

% of Net Revenue, Trailing Twelve Months



Office & Other Direct Expenses (% of Net Revenue)

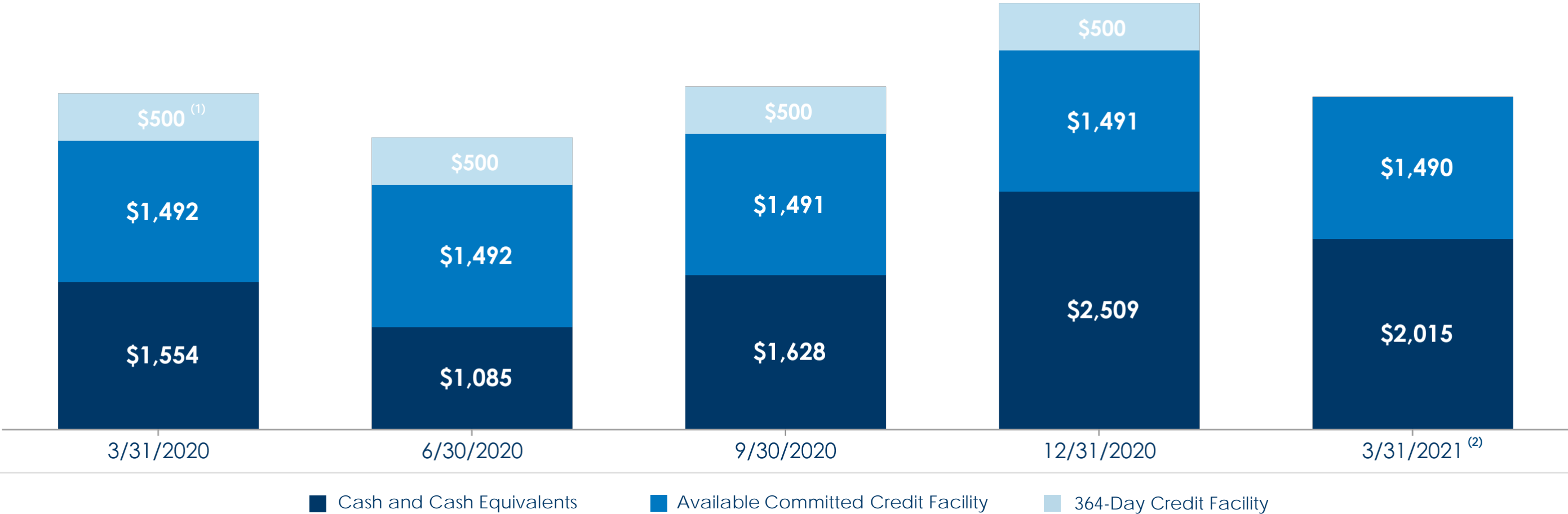
Three Months Ended March 31



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

Available Liquidity

Cash, Cash Equivalents + Available Committed Credit Facilities



⁽¹⁾ In March 2020, we entered into an agreement for a 364-day revolving credit facility.

⁽²⁾ The 364-day revolving credit facility matured in March 2021.

(\$ in Millions)



Credit Facility Covenant ⁽¹⁾

Financial Covenant	Four Quarters Ended March 31, 2021
Leverage Ratio (not greater than) ^{(2) (3)}	4.25x
Actual Leverage Ratio	2.52x
CREDIT AGREEMENT EBITDA RECONCILIATION:	Four Quarters Ended March 31, 2021
Net Income Available to IPG Common Stockholders	\$ 438.1
+ Non-Operating Adjustments ⁽⁴⁾	317.4
Operating Income	\$ 755.5
+ Depreciation and Amortization	406.0
+ Other Non-cash Charges Reducing Operating Income	209.7
Credit Agreement EBITDA ⁽²⁾:	\$ 1,371.2

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

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

⁽³⁾ On July 28, 2020, we entered into Amendment No. 1 to the Credit Agreement. The Amendment increased the maximum leverage ratio covenant to (i) 4.25x through the quarter ended June 30, 2021, and (ii) 3.50x thereafter.

⁽⁴⁾ Includes adjustments of the following items from our consolidated statement of operations: provision for (benefit of) income taxes, total (expenses) and other income, equity in net (loss) income of unconsolidated affiliates, and net (income) loss attributable to noncontrolling interests.

Cautionary Statement

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

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

- the effects of a challenging economy on the demand for our advertising and marketing services, on our clients' financial condition and on our business or financial condition;
- the impacts of the novel coronavirus (COVID-19) pandemic and, the measures to contain its spread, including social distancing efforts and restrictions on businesses, social activities and travel, any failure to realize anticipated benefits from the rollout of COVID-19 vaccination campaigns and the resulting impact on the economy, our clients and demand for our services, which may precipitate or exacerbate other risks and uncertainties;
- our ability to attract new clients and retain existing clients;
- our ability to retain and attract key employees;
- risks associated with assumptions we make in connection with our critical accounting estimates, including changes in assumptions associated with any effects of a weakened economy;
- potential adverse effects if we are required to recognize impairment charges or other adverse accounting-related developments;
- risks associated with the effects of global, national and regional economic and political conditions, including counterparty risks and fluctuations in economic growth rates, interest rates and currency exchange rates;
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world, including laws and regulations related to data protection and consumer privacy; and
- failure to fully realize the anticipated benefits of our 2020 restructuring actions and other cost-saving initiatives.

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