

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): October 22, 2019



THE INTERPUBLIC GROUP OF COMPANIES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1-6686

13-1024020
(I.R.S. Employer
Identification No.)

(Commission File Number)

909 Third Avenue, New York, New York 10022
(Address of principal executive offices) (Zip Code)

(212) 704-1200

(Registrant's telephone number, including area code)

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

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

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

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

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

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On October 22, 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 third quarter and first nine months of 2019, (ii) held a conference call to discuss the foregoing results and (iii) posted an investor presentation, a copy of which is attached hereto as Exhibit 99.2 and incorporated by reference herein, on its website in connection with the conference call.

Item 9.01. Financial Statements and Exhibits.

[Exhibit 99.1](#): Press release dated October 22, 2019 (furnished pursuant to Item 2.02)

[Exhibit 99.2](#): Investor presentation dated October 22, 2019 (furnished pursuant to Item 2.02)

Exhibit 104: Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 22, 2019

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Andrew Bonzani

Name: Andrew Bonzani

Title: Executive Vice President, General Counsel and Secretary



FOR IMMEDIATE RELEASE

New York, NY (October 22, 2019)

Interpublic Announces Third Quarter and First Nine Months 2019 Results

- *Third quarter net revenue increase of 8.7% and organic net revenue increase of 1.4%*
- *First nine months net revenue increase of 10.2%; organic net revenue increase of 3.5%*
- *Third quarter operating income increase of 7.1% to \$280.3 million and adjusted EBITA¹ increase of 8.7% to \$302.0 million*
- *Third quarter operating margin on net revenue of 13.6%; EBITA margin of 14.7%*
- *Third quarter diluted earnings per share of \$0.42 and \$0.49 as adjusted, compared with \$0.41 and \$0.49 as adjusted a year ago*
- *First nine months diluted earnings per share of \$0.84 and \$1.05 as adjusted, compared with \$0.75 and \$0.97 as adjusted a year ago*
- *Management confirms the company's 2019 full year financial targets of organic growth at the high-end of the 2.0% to 3.0% range and adjusted EBITA¹ margin expansion of 40 to 50 basis points*

Summary

Revenue

- Third quarter 2019 net revenue increased 8.7% to \$2.06 billion, compared to \$1.90 billion in the third quarter of 2018, with an organic net revenue increase (excluding results from Acxiom) of 1.4% compared to the prior-year period. Third quarter 2019 total revenue increased 6.1% to \$2.44 billion, compared to \$2.30 billion in the third quarter of 2018.
- First nine months 2019 net revenue increased 10.2% to \$6.19 billion, compared to \$5.62 billion in the first nine months of 2018, with an organic net revenue increase (excluding results from Acxiom) of 3.5% compared to the prior-year period. First nine months 2019 total revenue increased 6.7% to \$7.32 billion, compared to \$6.86 billion in the first nine months of 2018.

Interpublic Group 909 Third Avenue New York, NY 10022 212-704-1200 tel 212-704-1201 fax

Operating Results

- Operating income in the third quarter of 2019 was \$280.3 million, compared to \$261.7 million in 2018. Operating margin on net revenue was 13.6% for the third quarter of 2019 as compared to 13.8% in 2018 due to increased amortization expense this year from the acquisition of Acxiom. EBITA was \$302.0 million in the third quarter of 2019 compared to adjusted EBITA¹ of \$277.8 million in the prior-year period, as adjusted for Acxiom transaction costs of \$11.0 million. EBITA margin on net revenue of 14.7% remained flat compared to adjusted EBITA¹ margin for the same period in 2018.
- Operating income for the first nine months of 2019 was \$594.7 million, compared to \$549.7 million in 2018. Operating margin on net revenue was 9.6% for the first nine months of 2019 as compared to 9.8% in 2018 due to increased amortization expense this year from the acquisition of Acxiom and restructuring charges in this year's first quarter. Adjusted EBITA¹ excluding \$31.8 million of restructuring charges from the first quarter of 2019 was \$691.1 million in the first nine months of 2019 compared to \$577.7 million as adjusted for Acxiom transaction costs of \$12.4 million in 2018. Adjusted EBITA¹ margin on net revenue was 11.2%, compared to 10.3% in 2018.

Net Results

- Income tax provision in the third quarter of 2019 was \$64.6 million on income before income taxes of \$232.7 million.
- Third quarter 2019 net income available to IPG common stockholders was \$165.6 million, resulting in earnings of \$0.43 per basic share and \$0.42 per diluted share, and earnings of \$0.49 per diluted share as adjusted for after-tax amortization of acquired intangibles of \$17.5 million and an after-tax loss of \$7.7 million on the sales of businesses. This compares to adjusted earnings of \$0.49 per diluted share a year ago.
- Income tax provision in the first nine months of 2019 was \$118.7 million on income before income taxes of \$450.5 million.
- First nine months 2019 net income available to IPG common stockholders was \$327.1 million, resulting in earnings of \$0.85 per basic share and \$0.84 per diluted share, and earnings of \$1.05 per diluted share as adjusted for after-tax amortization of acquired intangibles of \$52.0 million, after-tax restructuring charges of \$24.2 million from the first quarter of 2019, an after-tax loss of \$22.3 million on the sales of businesses, and a tax benefit of \$13.9 million related to the conclusion and settlement of tax examinations of previous years. This compares to adjusted earnings of \$0.97 per diluted share a year ago.
- Refer to reconciliations in the back for more detail.

"We are pleased to post another quarter of solid financial performance. Our growth was led by our media, healthcare marketing, public relations and sports & entertainment offerings. We saw contributions from a broad range of client sectors, including healthcare, financial services, retail, tech and telecom, and consumer goods. Regionally, international markets led our growth,

while in the U.S. we are working our way through the impact of certain account-specific headwinds. Our overall performance continues to reflect our strong offerings and differentiated strategy, as well as the power of the ideas created by our talented people. Acxiom continues to perform consistent with our plan and we are seeing the benefit of our leadership position in data management capabilities,” said Michael I. Roth, Interpublic’s Chairman and CEO.

“As we enter our important fourth quarter, we are confident that our performance to date, and the current tone of business, have us on track to deliver growth at the high end of the 2019 target of 2%-to-3% organic net revenue growth. In addition, we continue to be comfortable with our target for adjusted EBITA margin expansion of 40-50 basis points over last year’s 13.5%. We view our current performance, strong financial position, and long-term strategy as the basis for further significant shareholder value creation.”

Operating Results

Revenue

Net revenue of \$2.06 billion in the third quarter of 2019 increased 8.7% compared with the same period in 2018. During the quarter, the effect of foreign currency translation was negative 1.3%, the impact of net acquisitions was positive 8.6%, and the resulting organic net revenue increase (which excludes results from Acxiom) was 1.4%. Total revenue, which includes billable expenses, of \$2.44 billion in the third quarter of 2019 increased 6.1% compared with the same period in 2018.

Net revenue of \$6.19 billion in the first nine months of 2019 increased 10.2% compared with the same period in 2018. During the first nine months of 2019, the effect of foreign currency translation was negative 2.1%, the impact of net acquisitions was positive 8.8%, and the resulting organic net revenue increase (which excludes results from Acxiom) was 3.5%. Total revenue, which includes billable expenses, of \$7.32 billion in the first nine months of 2019 increased 6.7% compared with the same period in 2018.

Operating Expenses

For the third quarter and first nine months of 2019, operating expenses increased compared to the same periods in 2018 primarily due to the inclusion of Acxiom.

During the third quarter of 2019, salaries and related expenses were \$1.33 billion, an increase of 6.6% compared to the same period in 2018. During the first nine months of 2019, salaries and related expenses were \$4.14 billion, an increase of 6.8% compared to the same period in 2018.

Staff cost ratio, which is total salaries and related expenses as a percentage of net revenue, was 64.7% in the third quarter of 2019 compared to 66.0% in the same period in 2018, and was

66.8% in the first nine months of 2019 compared to 69.0% in the same period in 2018. Base salaries, benefits and tax, temporary help expenses and incentive expense all increased at rates less than net revenue growth. The improved ratio was primarily due to the inclusion of Acxiom, which has a lower ratio of salaries and related expenses as a percentage of its net revenue.

During the third quarter of 2019, office and other direct expenses were \$367.9 million, an increase of 16.1% compared to the same period in 2018. During the first nine months of 2019, office and other direct expenses were \$1.14 billion, an increase of 17.5% compared to the same period in 2018.

Office and other direct expenses were 17.8% of net revenue in the third quarter of 2019 compared to 16.7% a year ago, and were 18.5% in the first nine months of 2019 compared to 17.3% in the same period in 2018. The higher expense ratios are 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.

During the third quarter of 2019, selling, general and administrative expenses of \$9.8 million decreased 54.6% compared with the same period in 2018 and during the first nine months of 2019, selling, general and administrative expenses of \$69.3 million decreased 18.9% compared to the same period in 2018. The decrease was primarily attributable to lower professional fees, mainly driven by transaction costs related to the acquisition of Acxiom in 2018.

Selling, general and administrative expenses were 0.5% of net revenue in the third quarter of 2019 compared to 1.1% a year ago, and were 1.1% in the first nine months of 2019 compared to 1.5% in the same period in 2018.

Depreciation and amortization increased 56.8% to \$69.0 million during the third quarter of 2019 compared to a year ago, and increased 59.0% to \$213.1 million in the first nine months of 2019 compared to a year ago, primarily due to the inclusion of Acxiom.

Depreciation and amortization as a percentage of net revenue was 3.3% in the third quarter of 2019 compared to 2.3% the same period in 2018, and was 3.4% in the first nine months of 2019 compared to 2.4% in the same period in 2018.

During the first nine months of 2019, restructuring charges were \$33.9 million due to the implementation of a cost initiative to better align our cost structure with our revenue, primarily related to client losses occurring in 2018.

Non-Operating Results and Tax

Net interest expense increased by \$17.9 million to \$40.2 million in the third quarter of 2019 from a year ago, and increased by \$66.5 million to \$126.1 million in the first nine months of 2019 from a year ago, primarily attributable to the issuance of long-term debt in 2018 in order to finance the Acxiom acquisition.

The income tax provision in the third quarter of 2019 was \$64.6 million on income before income taxes of \$232.7 million, compared to a provision of \$60.7 million on income before income taxes of \$224.1 million in the same period in 2018.

The income tax provision in the first nine months of 2019 was \$118.7 million on income before income taxes of \$450.5 million, compared to a provision of \$137.0 million on income before income taxes of \$434.1 million in the same period in 2018.

Balance Sheet

At September 30, 2019, cash and cash equivalents totaled \$520.5 million, compared to \$673.4 million at December 31, 2018 and \$1,860.2 million at September 30, 2018. Total debt was \$3.62 billion at September 30, 2019, compared to \$3.73 billion at December 31, 2018.

Common Stock Dividend

During the third quarter of 2019, the company declared and paid a common stock cash dividend of \$0.235 per share, for a total of \$90.8 million.

For more information concerning the company's financial results, please refer to the accompanying slide presentation available on our website, www.interpublic.com.

¹ Adjusted EBITA is earnings before net interest, net other expense, provision for income taxes, and amortization of acquired intangibles, and further adjusted to exclude restructuring charges from the first quarter of 2019 and 2018 transaction costs related to the acquisition of Acxiom. See reconciliation tables in back for further detail.

###

Interpublic Group 909 Third Avenue New York, NY 10022 212-704-1200 tel 212-704-1201 fax

About Interpublic

Interpublic is values-based, data-fueled, and creatively-driven. 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.

###

Contact Information

Tom Cunningham
(Press)
(212) 704-1326

Jerry Leshne
(Analysts, Investors)
(212) 704-1439

Interpublic Group 909 Third Avenue New York, NY 10022 212-704-1200 tel 212-704-1201 fax

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
THIRD QUARTER REPORT 2019 AND 2018
(Amounts in Millions except Per Share Data)
(UNAUDITED)

	Three Months Ended September 30,		
	2019	2018	Fav. (Unfav.) % Variance
Revenue:			
Net Revenue	\$ 2,061.4	\$ 1,895.7	8.7 %
Billable Expenses	376.7	401.8	(6.2)%
Total Revenue	<u>2,438.1</u>	<u>2,297.5</u>	<u>6.1 %</u>
Operating Expenses:			
Salaries and Related Expenses	1,334.4	1,251.4	(6.6)%
Office and Other Direct Expenses	367.9	317.0	(16.1)%
Billable Expenses	376.7	401.8	6.2 %
Cost of Services	<u>2,079.0</u>	<u>1,970.2</u>	<u>(5.5)%</u>
Selling, General and Administrative Expenses	9.8	21.6	54.6 %
Depreciation and Amortization	69.0	44.0	(56.8)%
Total Operating Expenses	<u>2,157.8</u>	<u>2,035.8</u>	<u>(6.0)%</u>
Operating Income	280.3	261.7	7.1 %
Expenses and Other Income:			
Interest Expense	(49.7)	(27.6)	
Interest Income	9.5	5.3	
Other Expense, Net	(7.4)	(15.3)	
Total (Expenses) and Other Income	<u>(47.6)</u>	<u>(37.6)</u>	
Income Before Income Taxes	232.7	224.1	
Provision for Income Taxes	64.6	60.7	
Income of Consolidated Companies	168.1	163.4	
Equity in Net Income of Unconsolidated Affiliates	0.3	0.1	
Net Income	168.4	163.5	
Net Income Attributable to Noncontrolling Interests	(2.8)	(2.5)	
Net Income Available to IPG Common Stockholders	<u>\$ 165.6</u>	<u>\$ 161.0</u>	
Earnings Per Share Available to IPG Common Stockholders:			
Basic	\$ 0.43	\$ 0.42	
Diluted	\$ 0.42	\$ 0.41	
Weighted-Average Number of Common Shares Outstanding:			
Basic	386.7	382.6	
Diluted	391.8	388.4	
Dividends Declared Per Common Share	\$ 0.235	\$ 0.210	

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED SUMMARY OF EARNINGS
THIRD QUARTER REPORT 2019 AND 2018
(Amounts in Millions except Per Share Data)
(UNAUDITED)

	Nine months ended September 30,		
	2019	2018	Fav. (Unfav.) % Variance
Revenue:			
Net Revenue	\$ 6,192.1	\$ 5,617.9	10.2 %
Billable Expenses	1,127.4	1,240.5	(9.1)%
Total Revenue	<u>7,319.5</u>	<u>6,858.4</u>	<u>6.7 %</u>
Operating Expenses:			
Salaries and Related Expenses	4,136.7	3,874.6	(6.8)%
Office and Other Direct Expenses	1,144.4	974.1	(17.5)%
Billable Expenses	1,127.4	1,240.5	9.1 %
Cost of Services	6,408.5	6,089.2	(5.2)%
Selling, General and Administrative Expenses	69.3	85.5	18.9 %
Depreciation and Amortization	213.1	134.0	(59.0)%
Restructuring Charges	33.9	0.0	N/A
Total Operating Expenses	<u>6,724.8</u>	<u>6,308.7</u>	<u>(6.6)%</u>
Operating Income	<u>594.7</u>	<u>549.7</u>	<u>8.2 %</u>
Expenses and Other Income:			
Interest Expense	(151.1)	(73.6)	
Interest Income	25.0	14.0	
Other Expense, Net	(18.1)	(56.0)	
Total (Expenses) and Other Income	<u>(144.2)</u>	<u>(115.6)</u>	
Income Before Income Taxes	450.5	434.1	
Provision for Income Taxes	118.7	137.0	
Income of Consolidated Companies	331.8	297.1	
Equity in Net Loss of Unconsolidated Affiliates	(0.1)	(1.9)	
Net Income	331.7	295.2	
Net Income Attributable to Noncontrolling Interests	(4.6)	(2.5)	
Net Income Available to IPG Common Stockholders	<u>\$ 327.1</u>	<u>\$ 292.7</u>	
Earnings Per Share Available to IPG Common Stockholders:			
Basic	\$ 0.85	\$ 0.76	
Diluted	\$ 0.84	\$ 0.75	
Weighted-Average Number of Common Shares Outstanding:			
Basic	385.8	383.2	
Diluted	390.3	388.4	
Dividends Declared Per Common Share	\$ 0.705	\$ 0.630	

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

	Three Months Ended September 30, 2019			
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses ¹	Adjusted Results
Net Revenue	\$ 2,061.4			\$ 2,061.4
Billable Expenses	376.7			376.7
Total Revenue	2,438.1			2,438.1
Cost of Services	2,079.0			2,079.0
Selling, General and Administrative Expenses	9.8			9.8
Depreciation and Amortization	69.0	\$ 21.7		47.3
Total Operating Expense	2,157.8	21.7		2,136.1
Operating Income	280.3	(21.7)		302.0
<i>Operating Margin on Net Revenue %</i>	<i>13.6%</i>			<i>14.7%</i>
Interest Expense, Net	(40.2)			(40.2)
Other Expense, Net	(7.4)		\$ (7.7)	0.3
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)
Net Income Available to IPG Common Stockholders	\$ 165.6	\$ (17.5)	\$ (7.7)	\$ 190.8
Weighted-Average Number of Common Shares Outstanding - Basic	386.7			386.7
Dilutive effect of stock options and restricted shares	5.1			5.1
Weighted-Average Number of Common Shares Outstanding - Diluted	391.8			391.8
Earnings per Share Available to IPG Common Stockholders²:				
Basic	\$ 0.43	\$ (0.05)	\$ (0.02)	\$ 0.49
Diluted	\$ 0.42	\$ (0.04)	\$ (0.02)	\$ 0.49

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

² Earnings per share may not add due to rounding.

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

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

	Nine Months Ended September 30, 2019					Adjusted Results
	As Reported	Amortization of Acquired Intangibles	Q1 2019 Restructuring Charges	Net Losses on Sales of Businesses ¹	Settlement of Certain Tax Positions	
Net Revenue	\$ 6,192.1					\$ 6,192.1
Billable Expenses	1,127.4					1,127.4
Total Revenue	7,319.5					7,319.5
Cost of Services	6,408.5					6,408.5
Selling, General and Administrative Expenses	69.3					69.3
Depreciation and Amortization	213.1	\$ 64.6				148.5
Restructuring Charges	33.9		\$ 31.8			2.1
Total Operating Expense	6,724.8	64.6	31.8			6,628.4
Operating Income	594.7	(64.6)	(31.8)			691.1
<i>Operating Margin on Net Revenue %</i>	<i>9.6%</i>					<i>11.2%</i>
Interest Expense, Net	(126.1)					(126.1)
Other Expense, Net	(18.1)			\$ (22.3)		4.2
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)
Net Income Available to IPG Common Stockholders	\$ 327.1	\$ (52.0)	\$ (24.2)	\$ (22.3)	\$ 13.9	\$ 411.7
Weighted-Average Number of Common Shares Outstanding - Basic	385.8					385.8
Dilutive effect of stock options and restricted shares	4.5					4.5
Weighted-Average Number of Common Shares Outstanding - Diluted	390.3					390.3
Earnings per Share Available to IPG Common Stockholders²:						
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 Includes losses on complete dispositions of businesses and the classification of certain assets as held for sale.

² Earnings per share may not add due to rounding.

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

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
RECONCILIATION OF ADJUSTED RESULTS - ADJUSTED EBITA
(Amounts in Millions)
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net Revenue	\$ 2,061.4	\$ 1,895.7	\$ 6,192.1	\$ 5,617.9
EBITA Reconciliation:				
Net Income Available to IPG Common Stockholders	\$ 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)
Operating Income	280.3	261.7	594.7	549.7
Add Back:				
Amortization of Acquired Intangibles	21.7	5.1	64.6	15.6
EBITA	\$ 302.0	\$ 266.8	\$ 659.3	\$ 565.3
<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	—
Acxiom Transaction Costs	—	11.0	—	12.4
Adjusted EBITA	\$ 302.0	\$ 277.8	\$ 691.1	\$ 577.7
<i>Adjusted EBITA Margin on Net Revenue %</i>	<i>14.7%</i>	<i>14.7%</i>	<i>11.2%</i>	<i>10.3%</i>

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 September 30, 2018					
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses ¹	Acxiom Transaction Costs	Adjusted Results
Net Revenue	\$ 1,895.7				\$ 1,895.7
Billable Expenses	401.8				401.8
Total Revenue	2,297.5				2,297.5
Cost of Services	1,970.2				1,970.2
Selling, General, and Administrative Expenses	21.6			\$ 11.0	10.6
Depreciation and Amortization	44.0	\$ 5.1			38.9
Total Operating Expense	2,035.8	5.1		11.0	2,019.7
Operating Income	261.7	(5.1)		(11.0)	277.8
<i>Operating Margin on Net Revenue %</i>	<i>13.8%</i>				<i>14.7%</i>
Interest Expense, Net	(22.3)			(3.3)	(19.0)
Other Expense, Net	(15.3)		\$ (5.8)	(10.3)	0.8
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)
Net Income Available to IPG Common Stockholders	\$ 161.0	\$ (4.9)	\$ (5.1)	\$ (18.4)	\$ 189.4
Weighted-Average Number of Common Shares Outstanding - Basic	382.6				382.6
Dilutive effect of stock options and restricted shares	5.8				5.8
Weighted-Average Number of Common Shares Outstanding - Diluted	388.4				388.4
Earnings per Share Available to IPG Common Stockholders²:					
Basic	\$ 0.42	\$ (0.01)	\$ (0.01)	\$ (0.05)	\$ 0.49
Diluted	\$ 0.41	\$ (0.01)	\$ (0.01)	\$ (0.05)	\$ 0.49

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

² Earnings per share may not add due to rounding.

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

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

	Nine Months Ended September 30, 2018				
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses ¹	Acxiom Transaction Costs	Adjusted Results
Net Revenue	\$ 5,617.9				\$ 5,617.9
Billable Expenses	1,240.5				1,240.5
Total Revenue	6,858.4				6,858.4
Cost of Services	6,089.2				6,089.2
Selling, General, and Administrative Expenses	85.5			\$ 12.4	73.1
Depreciation and Amortization	134.0	\$ 15.6			118.4
Total Operating Expense	6,308.7	15.6		12.4	6,280.7
Operating Income	549.7	(15.6)		(12.4)	577.7
Operating Margin on Net Revenue %	9.8%				10.3%
Interest Expense, Net	(59.6)			(3.3)	(56.3)
Other (Expense) Income, Net	(56.0)		\$ (50.0)	(10.3)	4.3
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)
Net Income Available to IPG Common Stockholders	\$ 292.7	\$ (15.0)	\$ (48.9)	\$ (19.5)	\$ 376.1
Weighted-Average Number of Common Shares Outstanding - Basic	383.2				383.2
Dilutive effect of stock options and restricted shares	5.2				5.2
Weighted-Average Number of Common Shares Outstanding - Diluted	388.4				388.4
Earnings per Share Available to IPG Common Stockholders²:					
Basic	\$ 0.76	\$ (0.04)	\$ (0.13)	\$ (0.05)	\$ 0.98
Diluted	\$ 0.75	\$ (0.04)	\$ (0.13)	\$ (0.05)	\$ 0.97

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

² Earnings per share may not add due to rounding.

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



THIRD QUARTER 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	
Net Revenue	\$	2,061.4	\$	1,895.7
Billable Expenses		376.7		401.8
Total Revenue		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 ⁽¹⁾		9.8		21.6
Depreciation and Amortization		69.0		44.0
Operating Income		280.3		261.7
Interest Expense, net ⁽¹⁾		(40.2)		(22.3)
Other Expense, net ⁽¹⁾		(7.4)		(15.3)
Income Before Income Taxes		232.7		224.1
Provision for Income Taxes		64.6		60.7
Equity in Net Income of Unconsolidated Affiliates		0.3		0.1
Net Income		168.4		163.5
Net Income Attributable to Noncontrolling Interests		(2.8)		(2.5)
Net Income Available to IPG Common Stockholders	\$	165.6	\$	161.0
Earnings per Share Available to IPG Common Stockholders - Basic	\$	0.43	\$	0.42
Earnings per Share Available to IPG Common Stockholders - Diluted	\$	0.42	\$	0.41
Weighted-Average Number of Common Shares Outstanding - Basic		386.7		382.6
Weighted-Average Number of Common Shares Outstanding - Diluted		391.8		388.4
Dividends Declared per Common Share	\$	0.235	\$	0.210

⁽¹⁾ 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
September 30, 2018	\$ 1,895.7		\$ 5,617.9	
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	26.0	1.4%	198.0	3.5%
September 30, 2019	\$ 2,061.4		\$ 6,192.1	

	Three Months Ended September 30,				Nine Months Ended September 30,			
			Change				Change	
	2019	2018	Organic	Total	2019	2018	Organic	Total
IAN	\$ 1,743.9	\$ 1,580.5	1.2%	10.3%	\$ 5,260.9	\$ 4,690.9	3.8%	12.2%
CMG	\$ 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%
Worldwide	1.4%	8.7%	3.5%	10.2%

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

⁽¹⁾ 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.

⁽²⁾ 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
Operating Income and EBITA	\$ 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)
Diluted EPS Components:				
Net Income Available to IPG Common Stockholders	\$ 165.6	\$ (17.5)	\$ (7.7)	\$ 190.8
Weighted-Average Number of Common Shares Outstanding	391.8			391.8
Earnings per Share Available to IPG Common Stockholders:	\$ 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
Operating Income and Adjusted EBITA	\$ 594.7	\$ (64.6)	\$ (31.8)			\$ 691
Total (Expenses) and Other Income	(144.2)			\$ (22.3)		(121)
Income Before Income Taxes	450.5	(64.6)	(31.8)	(22.3)		569
Provision for Income Taxes	118.7	12.6	7.6		\$ 13.9	152
Equity in Net Loss of Unconsolidated Affiliates	(0.1)					(0)
Net Income Attributable to Noncontrolling Interests	(4.6)					(4)
Diluted EPS Components:						
Net Income Available to IPG Common Stockholders	\$ 327.1	\$ (52.0)	\$ (24.2)	\$ (22.3)	\$ 13.9	\$ 411
Weighted-Average Number of Common Shares Outstanding	390.3					390
Earnings per Share Available to IPG Common Stockholders:	\$ 0.84	\$ (0.13)	\$ (0.06)	\$ (0.06)	\$ 0.04	\$ 1.1

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
NET INCOME	\$ 168.4	\$ 163.5
OPERATING ACTIVITIES		
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
Net cash provided by in Operating Activities	224.6	231.0
INVESTING ACTIVITIES		
Capital expenditures	(53.7)	(44.2)
Acquisitions, net of cash acquired	—	(3.5)
Other investing activities	10.9	(11.3)
Net cash used in Investing Activities	(42.8)	(59.0)
FINANCING ACTIVITIES		
Net increase (decrease) in short-term borrowings	40.8	(673.9)
Exercise of stock options	3.6	2.1
Proceeds from long-term debt ⁽¹⁾	—	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)
Net cash (used in) provided by Financing Activities	(253.3)	1,209.6
Currency effect	(21.4)	(7.8)
Net (decrease) increase in cash, cash equivalents and restricted cash	\$ (92.9)	\$ 1,373.8

⁽¹⁾ 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>
CURRENT ASSETS:			
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
Total current assets	\$ 7,050.0	\$ 8,182.9	\$ 8,330.5
CURRENT LIABILITIES:			
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 ⁽¹⁾	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 ⁽²⁾	261.6	—	—
Total current liabilities	\$ 7,398.4	\$ 8,123.9	\$ 6,691.7

⁽¹⁾ Increase primarily attributable to issuance of commercial paper.

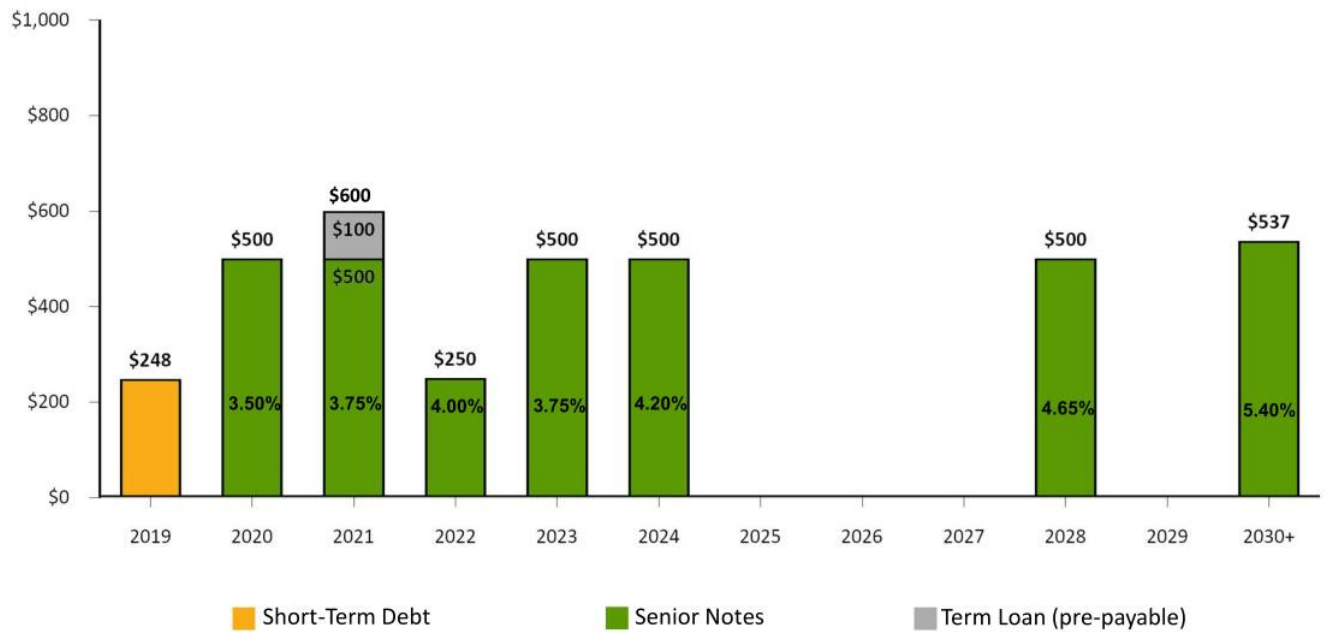
⁽²⁾ Increase from prior periods is due to adoption of new lease accounting standard.



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
Net Revenue	\$ 6,192.1	\$ 5,617.9
Billable Expenses	1,127.4	1,240.5
Total Revenue	7,319.5	6,858.4
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 ⁽¹⁾	69.3	85.5
Depreciation and Amortization	213.1	134.0
Restructuring Charges	33.9	0.0
Operating Income	594.7	549.7
Interest Expense, net ⁽¹⁾	(126.1)	(59.6)
Other Expense, net ⁽¹⁾	(18.1)	(56.0)
Income Before Income Taxes	450.5	434.1
Provision for Income Taxes	118.7	137.0
Equity in Net Loss of Unconsolidated Affiliates	(0.1)	(1.9)
Net Income	331.7	295.2
Net Income Attributable to Noncontrolling Interests	(4.6)	(2.5)
Net Income Available to IPG Common Stockholders	\$ 327.1	\$ 292.7
<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

⁽¹⁾ 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
NET INCOME	\$ 331.7	\$ 295.2
OPERATING ACTIVITIES		
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
Net cash provided by (used in) Operating Activities	423.6	(326.7)
INVESTING ACTIVITIES		
Capital expenditures	(133.8)	(105.7)
Acquisitions, net of cash acquired	(0.6)	(12.0)
Other investing activities	13.7	1.1
Net cash used in Investing Activities	(120.7)	(116.6)
FINANCING ACTIVITIES		
Net increase (decrease) in short-term borrowings	173.1	(4.6)
Exercise of stock options	4.2	9.1
Proceeds from long-term debt ⁽¹⁾	—	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)
Net cash (used in) provided by Financing Activities	(445.0)	1,550.6
Currency effect	(11.1)	(35.3)
Net (decrease) increase in cash, cash equivalents and restricted cash	\$ (153.2)	\$ 1,072.0

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



Depreciation and Amortization

(\$ in Millions)

	2019				
	Q1	Q2	Q3	Q4	YTD 2019
Depreciation ⁽¹⁾	\$ 49.5	\$ 51.7	\$ 47.3		\$ 148.5
Amortization of acquired intangibles ⁽¹⁾	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

⁽¹⁾ 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%
Total	\$ 1,895.7	\$ (23.9)	\$ 163.6	\$ 26.0	\$ 2,061.4	1.4%	8.7%
Geographic							
United States	\$ 1,160.9	\$ 0.0	\$ 159.2	\$ (7.1)	\$ 1,313.0	(0.6%)	13.1%
International	734.8	(23.9)	4.4	33.1	748.4	4.5%	1.9%
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%
Worldwide	\$ 1,895.7	\$ (23.9)	\$ 163.6	\$ 26.0	\$ 2,061.4	1.4%	8.7%

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%
Total	\$ 5,617.9	\$ (119.1)	\$ 495.3	\$ 198.0	\$ 6,192.1	3.5%	10.2%
Geographic							
United States	\$ 3,424.7	\$ 0.0	\$ 478.4	\$ 61.7	\$ 3,964.8	1.8%	15.8%
International	2,193.2	(119.1)	16.9	136.3	2,227.3	6.2%	1.6%
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%
Worldwide	\$ 5,617.9	\$ (119.1)	\$ 495.3	\$ 198.0	\$ 6,192.1	3.5%	10.2%

Reconciliation of Adjusted Results ⁽¹⁾

(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
Operating Income and EBITA	\$ 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)
Net Income Available to IPG Common Stockholders	\$ 165.6	\$ (17.5)	\$ (7.7)	\$ 190.8
Weighted-Average Number of Common Shares Outstanding - Basic	386.7			386.7
Dilutive effect of stock options and restricted shares	5.1			5.1
Weighted-Average Number of Common Shares Outstanding - Diluted	391.8			391.8
Earnings per Share Available to IPG Common Stockholders:				
Basic	\$ 0.43	\$ (0.05)	\$ (0.02)	\$ 0.49
Diluted	\$ 0.42	\$ (0.04)	\$ (0.02)	\$ 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 ⁽¹⁾

(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
Operating Income and Adjusted EBITA	\$ 594.7	\$ (64.6)	\$ (31.8)			\$ 691.1
Total (Expenses) and Other Income	(144.2)			\$ (22.3)		(121.5)
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)
Net Income Available to IPG Common Stockholders	\$ 327.1	\$ (52.0)	\$ (24.2)	\$ (22.3)	\$ 13.9	\$ 411.5
Weighted-Average Number of Common Shares Outstanding - Basic	385.8					385.8
Dilutive effect of stock options and restricted shares	4.5					4.5
Weighted-Average Number of Common Shares Outstanding - Diluted	390.3					390.3
Earnings per Share Available to IPG Common Stockholders:						
Basic	\$ 0.85	\$ (0.13)	\$ (0.06)	\$ (0.06)	\$ 0.04	\$ 1.00
Diluted	\$ 0.84	\$ (0.13)	\$ (0.06)	\$ (0.06)	\$ 0.04	\$ 1.00

⁽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 ⁽¹⁾

(\$ in Millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net Revenue	\$ 2,061.4	\$ 1,895.7	\$ 6,192.1	\$ 5,617.9
EBITA Reconciliation:				
Net Income Available to IPG Common Stockholders	\$ 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)
Operating Income	280.3	261.7	594.7	549.7
Add Back:				
Amortization of Acquired Intangibles	21.7	5.1	64.6	15.6
EBITA	\$ 302.0	\$ 266.8	\$ 659.3	\$ 565.3
<i>EBITA Margin on Net Revenue %</i>	14.7%	14.1%	10.6%	10.1%
Q1 2019 Restructuring Charges	—	—	31.8	—
Acxiom Transaction Costs	—	11.0	—	12.4
Adjusted EBITA	\$ 302.0	\$ 277.8	\$ 691.1	\$ 577.7
<i>Adjusted EBITA Margin on Net Revenue %</i>	14.7%	14.7%	11.2%	10.3%

⁽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.



Reconciliation of Adjusted Results ⁽¹⁾

(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
Operating Income and Adjusted EBITA	\$ 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)
Net Income Available to IPG Common Stockholders	\$ 161.0	\$ (4.9)	\$ (5.1)	\$ (18.4)	\$ 189.4
Weighted-Average Number of Common Shares Outstanding - Basic	382.6				382.6
Dilutive effect of stock options and restricted shares	5.8				5.8
Weighted-Average Number of Common Shares Outstanding - Diluted	388.4				388.4
Earnings Per Share Available to IPG Common Stockholders:					
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 ⁽¹⁾

(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	Acxiom Transaction Costs	Adjusted Results
Operating Income and Adjusted EBITA	\$ 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)
Net Income Available to IPG Common Stockholders	\$ 292.7	\$ (15.0)	\$ (48.9)	\$ (19.5)	\$ 376.1
Weighted-Average Number of Common Shares Outstanding - Basic	383.2				383.2
Dilutive effect of stock options and restricted shares	5.2				5.2
Weighted-Average Number of Common Shares Outstanding - Diluted	388.4				388.4
Earnings Per Share Available to IPG Common Stockholders:					
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

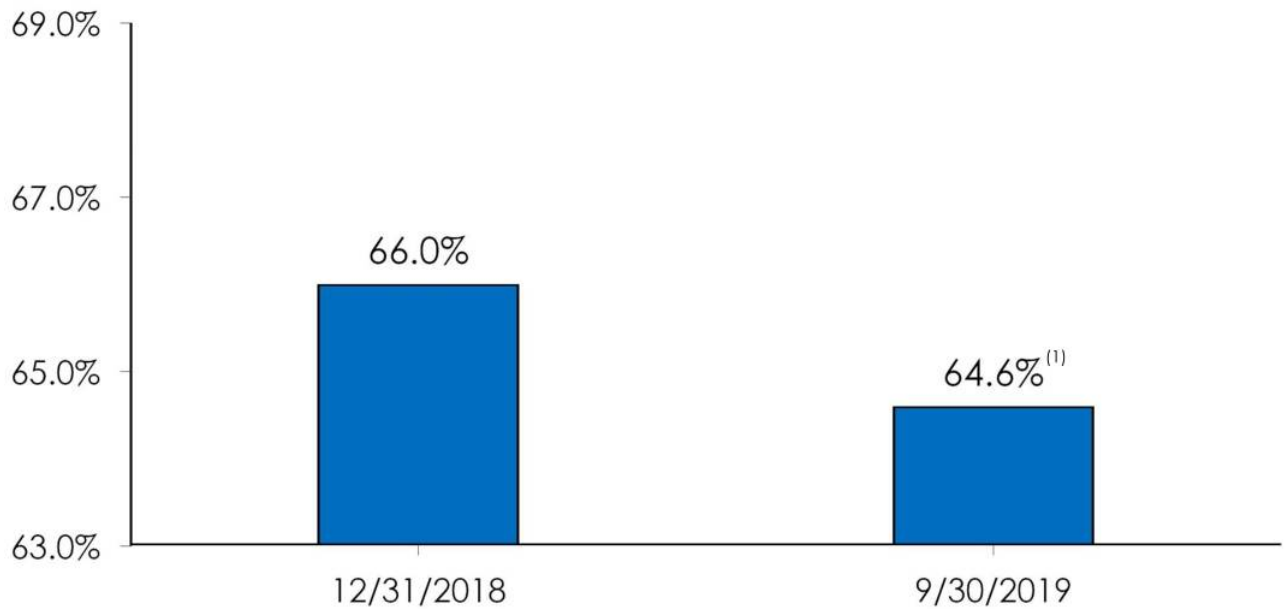
Metrics Update

Metrics Update

Category	Metric
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

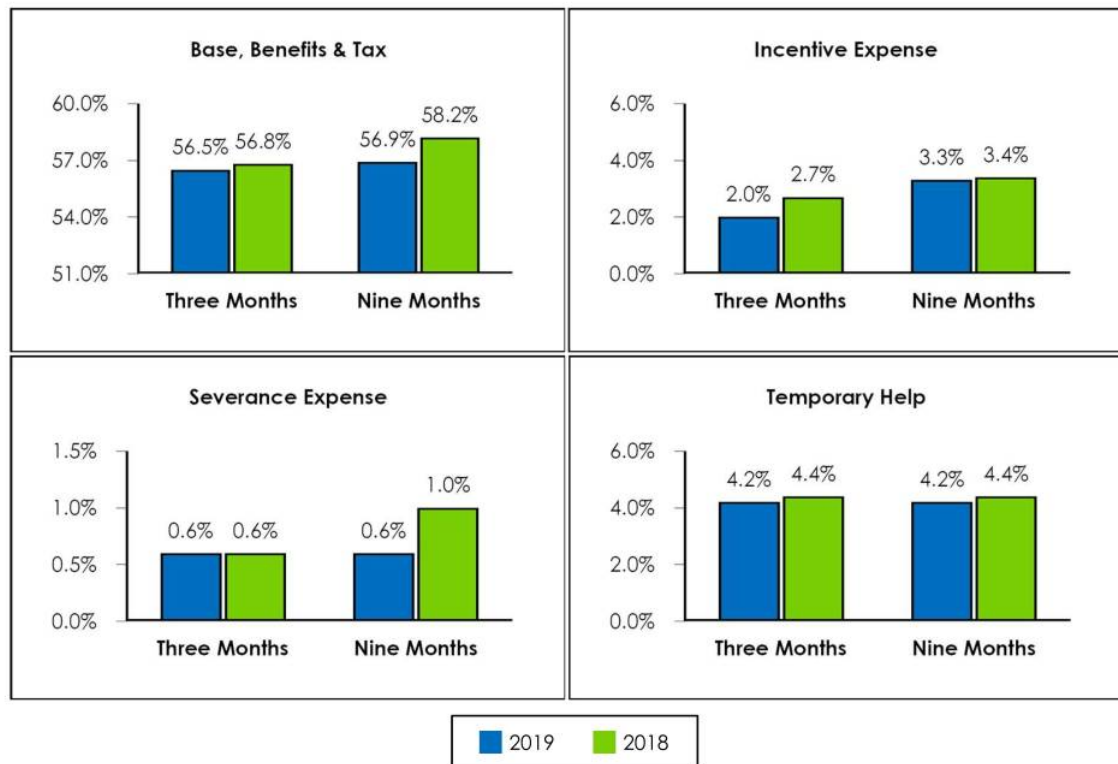
% of Net Revenue, Trailing Twelve Months



⁽¹⁾ 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)

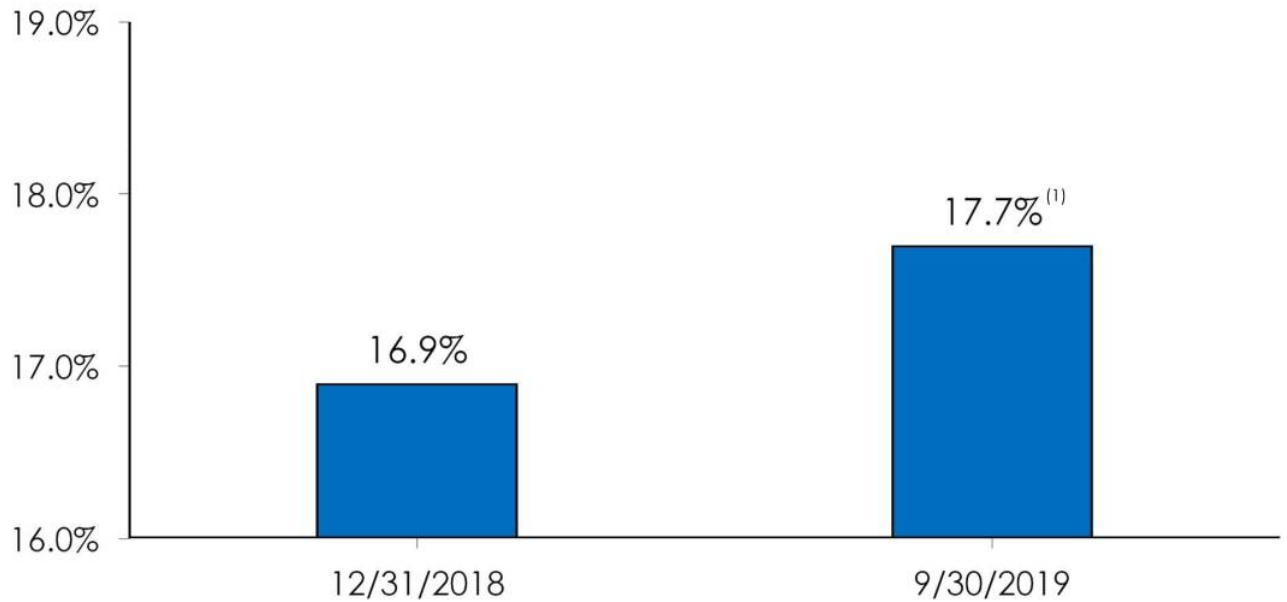
Three and Nine Months Ended September 30



"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

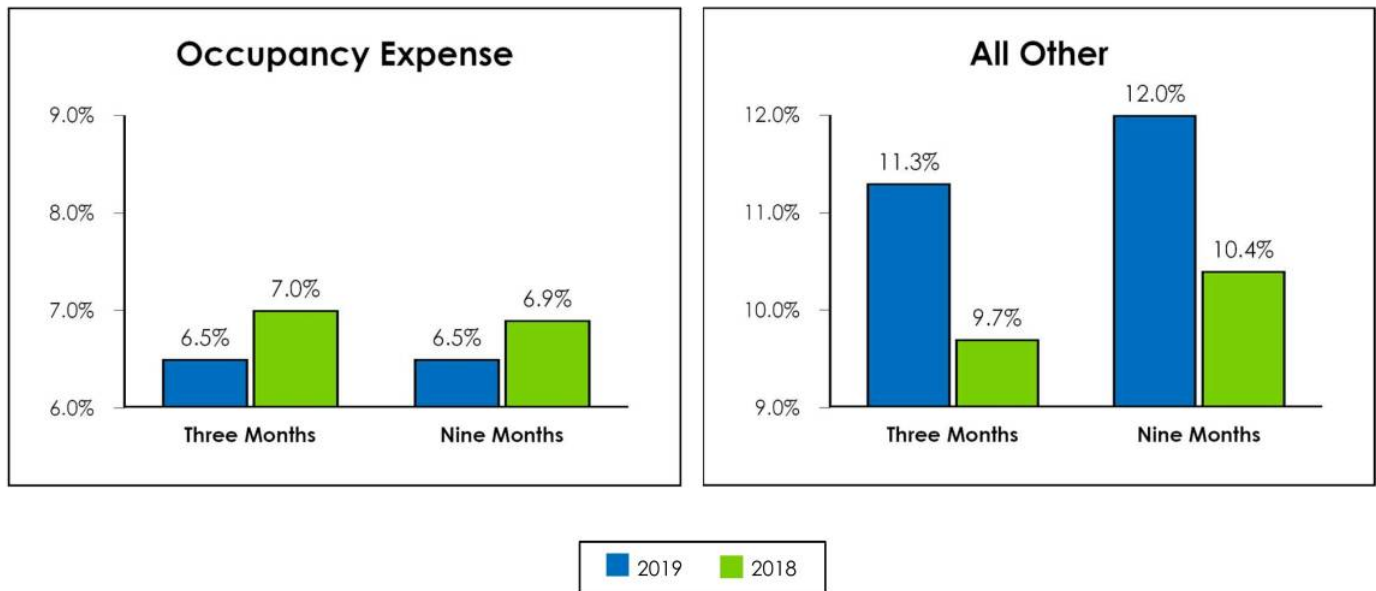
% of Net Revenue, Trailing Twelve Months



⁽¹⁾ 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

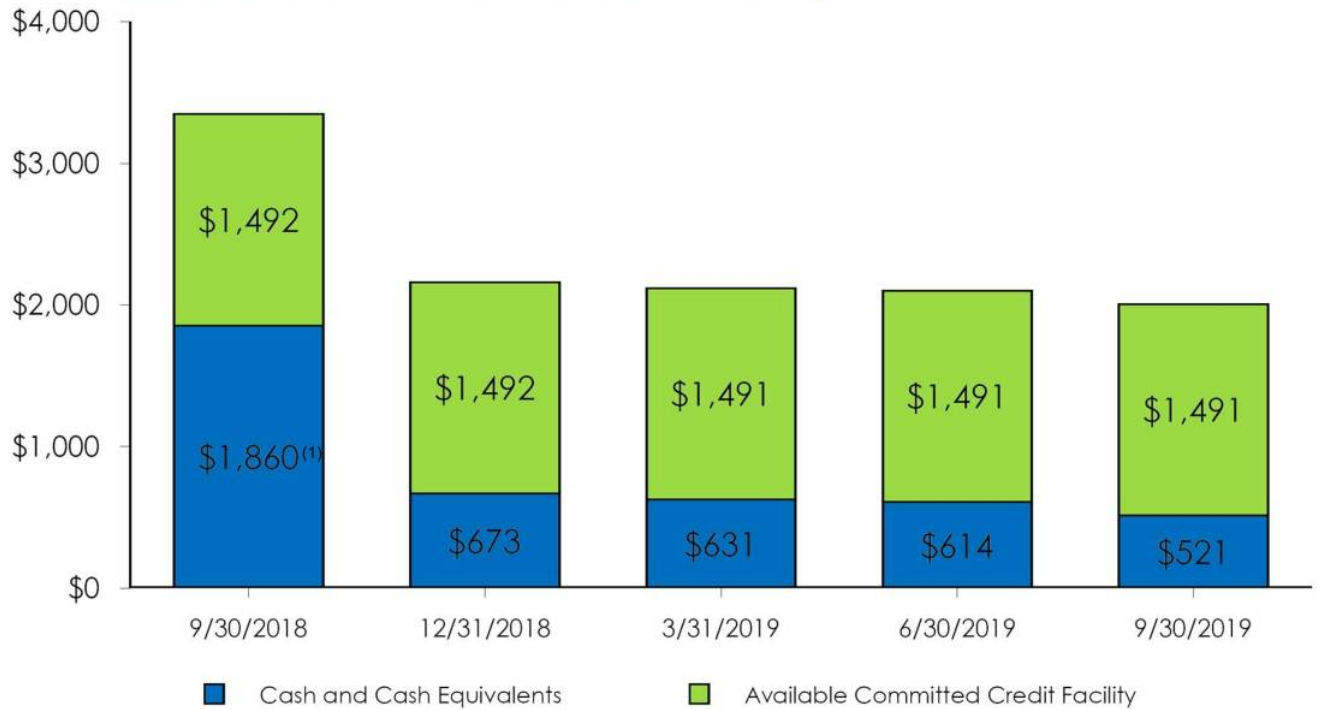


"All Other" primarily includes client service costs, non-pass through production expenses, travel and entertainment, professional fees, spending to support new business activity, telecommunications, office supplies, bad debt expense, adjustments to contingent acquisition obligations, foreign currency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

Available Liquidity

(\$ in Millions)

Cash and Cash Equivalents + Available Committed Credit Facility



⁽¹⁾ 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) ⁽¹⁾ :	3.75x
Actual Leverage Ratio:	2.54x
<u>Interest Expense Reconciliation</u> ⁽²⁾	
Interest Expense:	\$200.5
- Interest Income	32.8
- Other	1.0
Net Interest Expense:	\$166.7
<u>EBITDA Reconciliation</u> ⁽²⁾	
Operating Income:	\$1,053.8
+ Depreciation and Amortization	368.9
EBITDA:	\$1,422.7

⁽¹⁾ 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.

⁽²⁾ 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.

