



Interpublic Group

FIRST QUARTER 2016 EARNINGS CONFERENCE CALL

April 22, 2016

Overview – First Quarter 2016

- Organic revenue growth was 6.7%, 3.9% as reported
 - U.S. organic growth was 8.3%
 - International organic growth was 4.3%
- Operating income was \$21 million, an improvement from operating income of \$8 million a year ago, in seasonally small Q1
- Operating margin was 1.2%, an improvement of 70 basis points
- Diluted EPS was \$0.01, and was break-even as adjusted for below-the-line items

Operating Performance

	Three Months Ended March 31,	
	2016	2015
<i>Revenue</i>	\$ 1,742.0	\$ 1,676.0
Salaries and Related Expenses	1,270.9	1,215.2
Office and General Expenses	450.2	453.0
<i>Operating Income</i>	20.9	7.8
Interest Expense	(22.6)	(20.9)
Interest Income	5.8	7.2
Other (Expense) Income, net	(17.1)	0.3
<i>Loss Before Income Taxes</i>	(13.0)	(5.6)
Benefit of Income Taxes	(15.6)	(1.4)
Equity in Net Income of Unconsolidated Affiliates	0.1	-
<i>Net Income (Loss)</i>	2.7	(4.2)
Net Loss Attributable to Noncontrolling Interests	2.7	2.4
<i>Net Income (Loss) Available to IPG Common Stockholders</i>	\$ 5.4	\$ (1.8)
 <i>Earnings (Loss) per Share Available to IPG Common Stockholders</i>		
Basic	\$ 0.01	\$ 0.00
Diluted	\$ 0.01	\$ 0.00
 <i>Weighted-Average Number of Common Shares Outstanding</i>		
Basic	400.6	411.1
Diluted	409.3	411.1
 <i>Dividends Declared per Common Share</i>	 \$ 0.15	 \$ 0.12

Revenue

	Three Months Ended	
	\$	% Change
March 31, 2015	\$ 1,676.0	
Total change	66.0	3.9%
Foreign currency	(51.9)	(3.1%)
Net acquisitions/(divestitures)	5.5	0.3%
Organic	112.4	6.7%
March 31, 2016	\$ 1,742.0	

	Three Months Ended			
	March 31,		Change	
	2016	2015	Total	Organic
IAN	\$ 1,401.6	\$ 1,345.1	4.2%	7.6%
CMG	\$ 340.4	\$ 330.9	2.9%	3.2%

Integrated Agency Networks (“IAN”): McCann Worldgroup, FCB (Foote, Cone & Belding), MullenLowe Group, IPG Mediabrands, our digital specialist agencies and our domestic integrated agencies
 Constituency Management Group (“CMG”): Weber Shandwick, Golin, Jack Morton, FutureBrand, Octagon and our other marketing service specialists

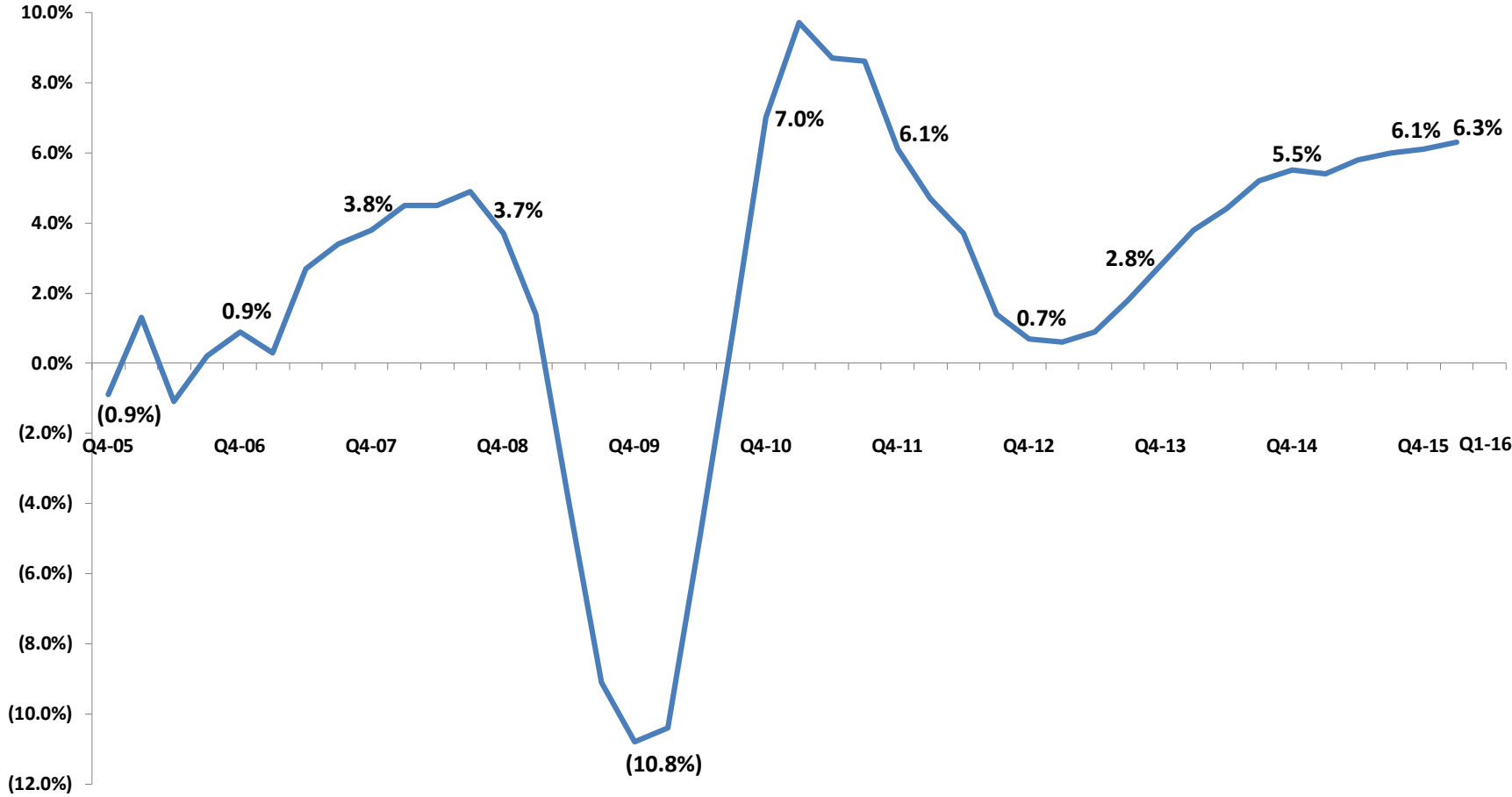
Geographic Revenue Change

	Three Months Ended March 31, 2016	
	Total	Organic
United States	8.7%	8.3%
International	(3.2%)	4.3%
United Kingdom	0.4%	3.5%
Continental Europe	(4.8%)	1.7%
Asia Pacific	(3.0%)	2.7%
Latin America	(15.7%)	11.6%
All Other Markets	3.8%	7.4%
Worldwide	3.9%	6.7%

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

Organic Revenue Growth

Trailing Twelve Months



Operating Expenses

Salaries & Related

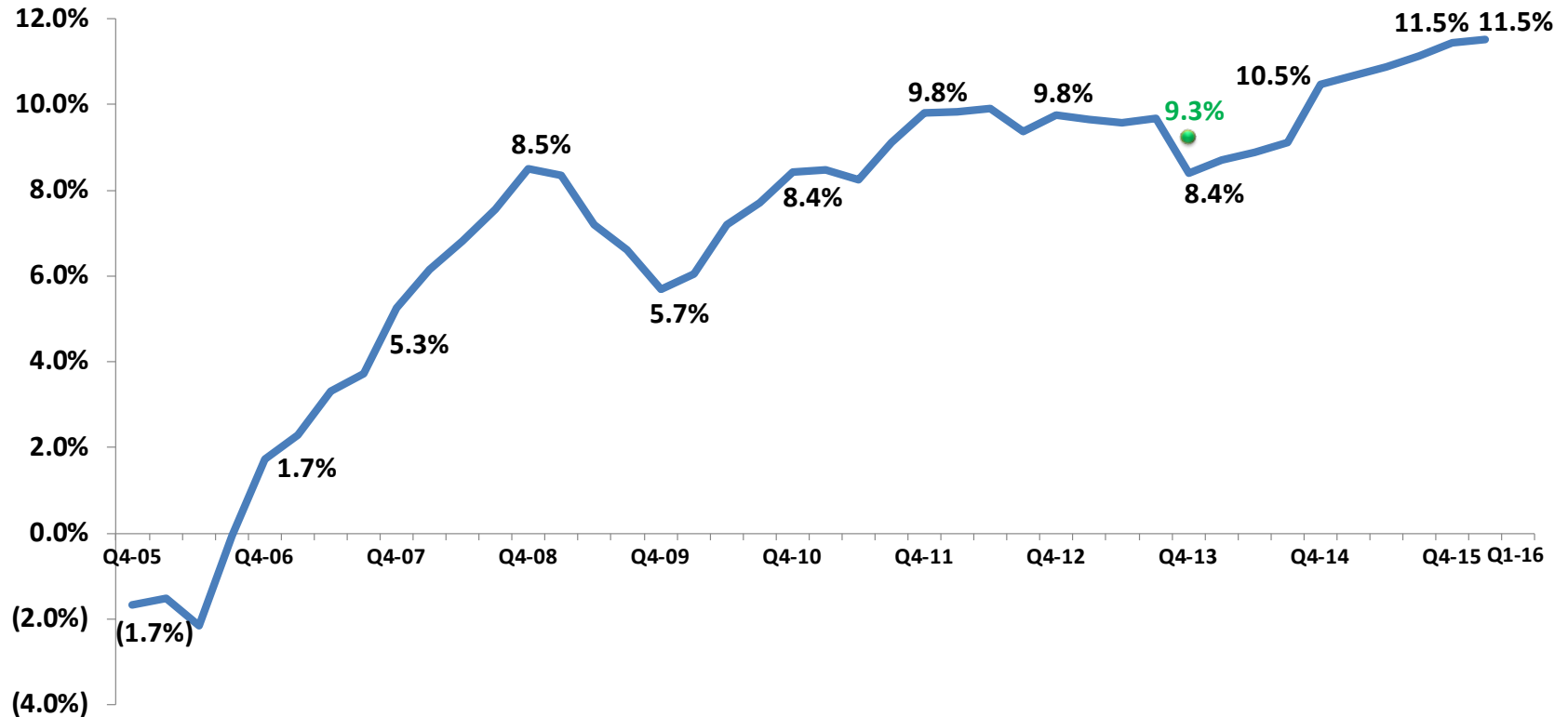
	2016	2015	Change		
			\$	Total	Organic
Three Months Ended March 31,	\$ 1,270.9	\$ 1,215.2	\$ 55.7	4.6%	7.6%
<i>% of Revenue</i>	73.0%	72.5%			
Three months severance	\$ 23.8	\$ 17.3	\$ 6.5	37.6%	
<i>% of Revenue</i>	1.4%	1.0%			

Office & General

	2016	2015	Change		
			\$	Total	Organic
Three Months Ended March 31,	\$ 450.2	\$ 453.0	\$ (2.8)	(0.6%)	2.7%
<i>% of Revenue</i>	25.8%	27.0%			
Three months occupancy expense (ex-D&A)	\$ 126.1	\$ 121.7	\$ 4.4	3.6%	
<i>% of Revenue</i>	7.2%	7.3%			

Operating Margin

Trailing Twelve Months



For the twelve months ended December 31, 2013, reported operating income of \$598.3 includes our Q4 2013 restructuring charge of \$60.6. Excluding this charge, adjusted operating income was \$658.9, and adjusted operating margin is represented in green.

Adjusted Diluted Earnings Per Share

	Three Months Ended March 31, 2016					Adjusted Results
	As Reported	Losses on Sales of Businesses ⁽¹⁾	Valuation Allowance Reversals ⁽²⁾	Adoption of ASU 2016-09 ⁽³⁾		
(Loss) Income Before Income Taxes	\$ (13.0)	\$ (16.3)				\$ 3.3
Benefit of (Provision for) Income Taxes	15.6	0.4	\$ 12.2	\$ 7.5		(4.5)
Diluted EPS Components:						
Net Income Available to IPG Common Stockholders	\$ 5.4	\$ (15.9)	\$ 12.2	\$ 7.5		\$ 1.6
Weighted-Average Number of Common Shares Outstanding	409.3			1.4		407.9
Earnings Per Share Available to IPG Common Stockholders	\$ 0.01	\$ (0.04)	\$ 0.03	\$ 0.02		\$ 0.00

(1) During Q1 2016, we recorded losses on sales of businesses in our international markets, primarily in Continental Europe. This amount includes losses on completed dispositions and the classification of certain assets as held for sale.

(2) During Q1 2016, we recorded valuation allowance reversals as a consequence of the classification of certain assets as held for sale in Continental Europe.

(3) During Q1 2016, we early adopted Financial Accounting Standards Board Accounting Standards Update 2016-09, which requires all excess tax benefits and tax deficiencies on employee share-based payment accounting to be recognized in earnings instead of as additional paid-in capital, on a prospective basis.



Balance Sheet – Current Portion

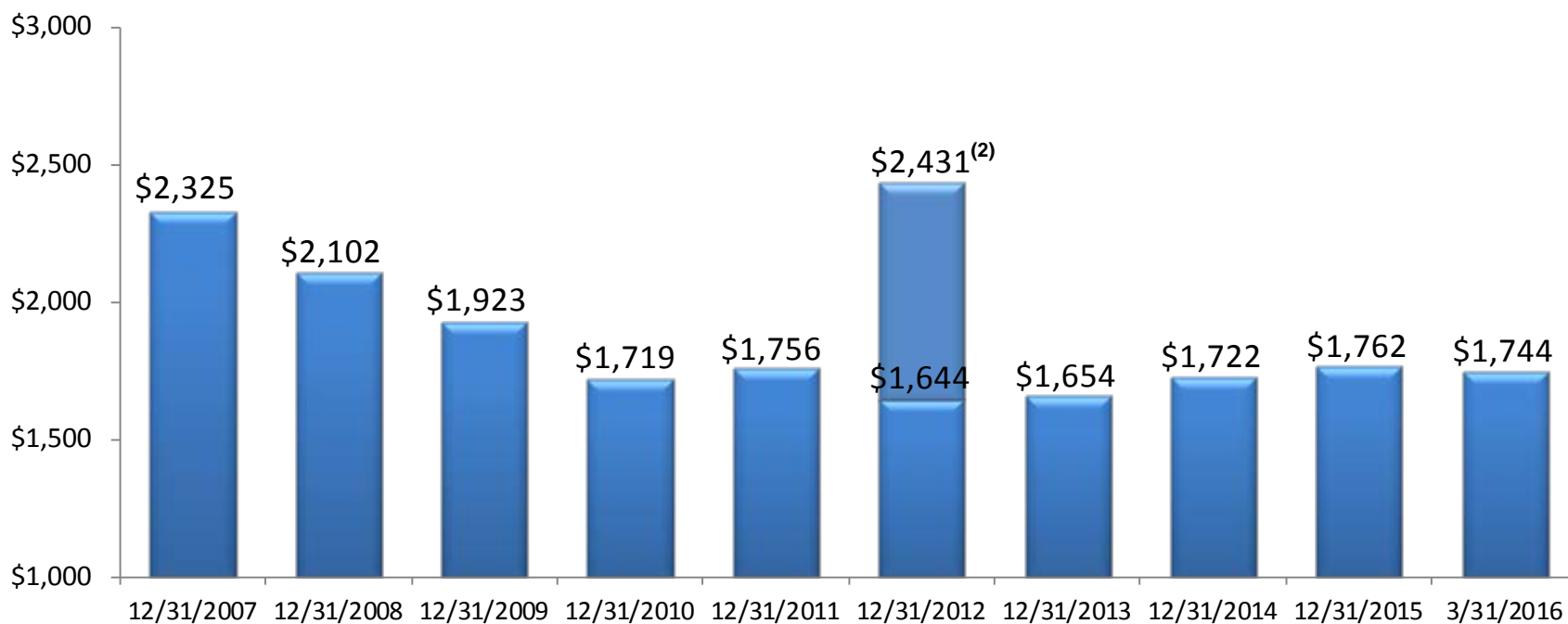
	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 673.4	\$ 1,502.9	\$ 734.3
Marketable securities	6.9	6.8	6.9
Accounts receivable, net	3,718.9	4,361.0	3,781.4
Expenditures billable to clients	1,774.2	1,594.4	1,497.8
Other current assets	312.6	228.0	367.1
Total current assets	\$ 6,486.0	\$ 7,693.1	\$ 6,387.5
CURRENT LIABILITIES:			
Accounts payable	\$ 5,785.1	\$ 6,672.0	\$ 5,468.5
Accrued liabilities	620.6	760.3	618.7
Short-term borrowings	131.7	150.1	135.7
Current portion of long-term debt	2.0	1.9	2.0
Total current liabilities	\$ 6,539.4	\$ 7,584.3	\$ 6,224.9

Cash Flow

	Three Months Ended March 31,	
	2016	2015
NET INCOME (LOSS)	\$ 3	\$ (4)
OPERATING ACTIVITIES		
Depreciation & amortization	63	57
Deferred taxes	(28)	(32)
Non-cash loss on sales of businesses	16	-
Other non-cash items	28	13
Change in working capital, net	(690)	(785)
Change in other non-current assets & liabilities	(41)	(30)
Net cash used in Operating Activities	(649)	(781)
INVESTING ACTIVITIES		
Capital expenditures	(27)	(20)
Acquisitions, net of cash acquired	(27)	-
Other investing activities	(5)	-
Net cash used in Investing Activities	(59)	(20)
FINANCING ACTIVITIES		
Common stock dividends	(60)	(49)
Repurchase of common stock	(54)	(51)
Net (decrease) increase in short-term bank borrowings	(25)	34
Tax payments for employee shares withheld ⁽¹⁾	(19)	(16)
Distributions to noncontrolling interests	(4)	(1)
Acquisition-related payments	-	(2)
Excess tax benefit from share-based payment arrangements ⁽¹⁾	-	9
Exercise of stock options	4	9
Net cash used in Financing Activities	(158)	(67)
Currency Effect	37	(58)
Decrease in Cash & S/T Marketable Securities	\$ (829)	\$ (926)

⁽¹⁾ As part of the adoption of FASB ASU 2016-09, we have reclassified the tax payments for employee shares withheld balance into Financing Activities in both periods presented. This amount was previously included in Change in working capital, net in Operating Activities. Additionally, the excess tax benefit from share-based payment arrangements amount is now reflected within Net Income for Q1 2016, as prospective adoption was required.

Total Debt (1)



(1) Includes current portion of long-term debt, short-term borrowings and long-term debt.

(2) Includes our November 2012 debt issuances of \$800 aggregate principal amount of Senior Notes, which pre-funded our plan to redeem a similar amount of debt in 2013.

Summary

- Q1 a solid start on FY-16 performance objectives
- Sustained traction from key strategic initiatives
 - Quality of our agency offerings, creative talent, embedded digital, and “open architecture” solutions
 - Performance in high-growth disciplines and largest regions
 - Effective expense management
- Focus is on continued growth and margin improvement
- Financial strength continues to be a source of value creation
 - Raised dividend and authorized new share repurchase program (as previously announced in February)



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Appendix

Depreciation and Amortization

	2016				
	Q1	Q2	Q3	Q4	YTD 2016
Depreciation and amortization of fixed assets and intangible assets	\$ 38.0				\$ 38.0
Amortization of restricted stock and other non-cash compensation	23.1				23.1
Net amortization of bond discounts and deferred financing costs	1.4				1.4

	2015				
	Q1	Q2	Q3	Q4	FY 2015
Depreciation and amortization of fixed assets and intangible assets	\$ 38.7	\$ 39.5	\$ 38.1	\$ 40.7	\$ 157.0
Amortization of restricted stock and other non-cash compensation	16.8	16.4	16.5	20.6	70.3
Net amortization of bond discounts and deferred financing costs	1.4	1.4	1.4	1.6	5.8

Reconciliation of Organic Measures

	Three Months Ended March 31, 2015	Components of Change			Three Months Ended March 31, 2016	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
Segment Revenue							
IAN	\$ 1,345.1	\$ (44.2)	\$ (1.2)	\$ 101.9	\$ 1,401.6	7.6%	4.2%
CMG	330.9	(7.7)	6.7	10.5	340.4	3.2%	2.9%
Total	<u>\$ 1,676.0</u>	<u>\$ (51.9)</u>	<u>\$ 5.5</u>	<u>\$ 112.4</u>	<u>\$ 1,742.0</u>	<u>6.7%</u>	<u>3.9%</u>
Geographic							
United States	\$ 1,003.8	\$ -	\$ 3.7	\$ 83.7	\$ 1,091.2	8.3%	8.7%
International	672.2	(51.9)	1.8	28.7	650.8	4.3%	(3.2%)
United Kingdom	164.9	(9.3)	4.3	5.7	165.6	3.5%	0.4%
Continental Europe	155.1	(6.2)	(3.9)	2.6	147.6	1.7%	(4.8%)
Asia Pacific	187.8	(10.9)	0.2	5.0	182.1	2.7%	(3.0%)
Latin America	77.5	(18.7)	(2.5)	9.0	65.3	11.6%	(15.7%)
All Other Markets	86.9	(6.8)	3.7	6.4	90.2	7.4%	3.8%
Worldwide	<u>\$ 1,676.0</u>	<u>\$ (51.9)</u>	<u>\$ 5.5</u>	<u>\$ 112.4</u>	<u>\$ 1,742.0</u>	<u>6.7%</u>	<u>3.9%</u>
Expenses							
Salaries & Related	\$ 1,215.2	\$ (38.1)	\$ 1.5	\$ 92.3	\$ 1,270.9	7.6%	4.6%
Office & General	453.0	(15.6)	0.4	12.4	450.2	2.7%	(0.6%)
Total	<u>\$ 1,668.2</u>	<u>\$ (53.7)</u>	<u>\$ 1.9</u>	<u>\$ 104.7</u>	<u>\$ 1,721.1</u>	<u>6.3%</u>	<u>3.2%</u>

Reconciliation of Organic Revenue Growth

Last Twelve Months Ending	Beginning of Period Revenue	Components of Change During the Period			End of Period Revenue
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic	
12/31/05	\$ 6,387.0	\$ 40.4	\$ (107.4)	\$ (56.2)	\$ 6,263.8
3/31/06	6,323.8	(10.9)	(132.6)	81.5	6,261.8
6/30/06	6,418.4	(8.8)	(157.5)	(68.5)	6,183.6
9/30/06	6,335.9	(13.9)	(140.4)	15.6	6,197.2
12/31/06	6,263.8	20.7	(165.5)	57.8	6,176.8
3/31/07	6,261.8	78.4	(147.2)	16.0	6,209.0
6/30/07	6,183.6	102.4	(124.7)	166.6	6,327.9
9/30/07	6,197.2	137.3	(110.9)	209.2	6,432.8
12/31/07	6,176.8	197.5	(70.7)	233.1	6,536.7
3/31/08	6,209.0	217.8	(45.9)	280.6	6,661.5
6/30/08	6,327.9	244.8	(12.6)	282.4	6,842.5
9/30/08	6,432.8	237.4	32.8	317.2	7,020.2
12/31/08	6,536.7	71.5	87.6	243.0	6,938.8
3/31/09	6,661.5	(88.3)	114.7	91.9	6,779.8
6/30/09	6,842.5	(286.2)	139.2	(275.3)	6,420.2
9/30/09	7,020.2	(390.1)	115.2	(636.4)	6,108.9
12/31/09	6,938.8	(251.6)	69.1	(748.9)	6,007.4
3/31/10	6,779.8	(88.2)	36.0	(705.4)	6,022.2
6/30/10	6,420.2	59.1	2.0	(316.9)	6,164.4
9/30/10	6,108.9	117.7	9.6	60.1	6,296.3
12/31/10	6,007.4	63.3	17.0	419.6	6,507.3
3/31/11	6,022.2	21.0	18.2	583.7	6,645.1
6/30/11	6,164.4	61.5	12.4	535.8	6,774.1
9/30/11	6,296.3	119.1	(7.7)	539.5	6,947.2
12/31/11	6,507.3	122.2	(8.6)	393.7	7,014.6
3/31/12	6,645.1	92.9	(1.4)	310.0	7,046.6
6/30/12	6,774.1	(14.3)	14.5	247.3	7,021.6
9/30/12	6,947.2	(117.2)	39.7	95.8	6,965.5
12/31/12	7,014.6	(147.6)	41.8	47.4	6,956.2
3/31/13	7,046.6	(143.7)	48.2	41.3	6,992.4
6/30/13	7,021.6	(111.4)	56.9	65.8	7,032.9
9/30/13	6,965.5	(80.3)	49.5	128.2	7,062.9
12/31/13	6,956.2	(80.4)	50.3	196.2	7,122.3
3/31/14	6,992.4	(89.9)	51.2	263.1	7,216.8
6/30/14	7,032.9	(80.6)	51.6	308.1	7,312.0
9/30/14	7,062.9	(53.5)	74.3	369.0	7,452.7
12/31/14	7,122.3	(75.5)	95.3	395.0	7,537.1
3/31/15	7,216.8	(125.7)	98.4	386.1	7,575.6
6/30/15	7,312.0	(223.5)	85.3	426.5	7,600.3
9/30/15	7,452.7	(336.2)	58.3	449.9	7,624.7
12/31/15	7,537.1	(408.5)	23.7	461.5	7,613.8
3/31/16	7,575.6	(388.5)	11.9	480.8	7,679.8



Reconciliation of Adjusted Results ⁽¹⁾

	Three Months Ended March 31, 2016				
	As Reported	Losses on Sales of Businesses	Valuation Allowance Reversals	Adoption of ASU 2016-09	Adjusted Results
(Loss) Income Before Income Taxes	\$ (13.0)	\$ (16.3)			\$ 3.3
Benefit of (Provision for) Income Taxes	15.6	0.4	\$ 12.2	\$ 7.5	(4.5)
Equity in Net Income of Unconsolidated Affiliates	0.1				0.1
Net Loss Attributable to Noncontrolling Interests	2.7				2.7
Net Income Available to IPG Common Stockholders - Basic and Diluted	<u>\$ 5.4</u>	<u>\$ (15.9)</u>	<u>\$ 12.2</u>	<u>\$ 7.5</u>	<u>\$ 1.6</u>
Weighted-Average Number of Common Shares Outstanding - Basic	400.6				400.6
Add: Effect of Dilutive Securities					
Restricted Stock, Stock Options and Other Equity Awards	8.7			1.4	7.3
Weighted-Average Number of Common Shares Outstanding - Diluted	<u>409.3</u>			1.4	<u>407.9</u>
Earnings Per Share Available to IPG Common Stockholders - Basic	\$ 0.01	\$ (0.04)	\$ 0.03	\$ 0.02	\$ 0.00
Earnings Per Share Available to IPG Common Stockholders - Diluted	\$ 0.01	\$ (0.04)	\$ 0.03	\$ 0.02	\$ 0.00

(1) The following table reconciles our reported results to our adjusted non-GAAP results that excludes the losses on sales of businesses in our international markets, primarily in Continental Europe, valuation allowance reversals as a result of the classification of certain assets as held for sale, and the effect of the adoption of ASU 2016-09. The losses on sales of businesses amount includes losses on completed dispositions and the classification of certain assets as held for sale during the first quarter of 2016. 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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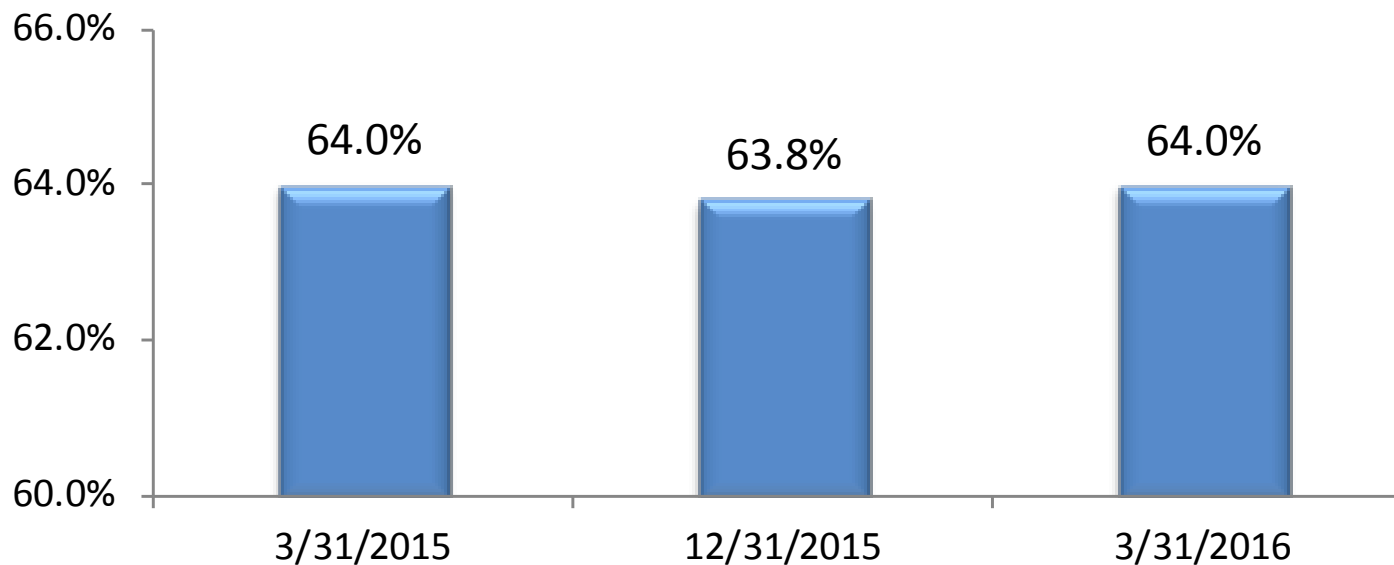
Metrics Update

Metrics Update

Category	Metric
SALARIES & RELATED (% of revenue)	Trailing Twelve Months Base, Benefits & Tax Incentive Expense Severance Expense Temporary Help
OFFICE & GENERAL (% of revenue)	Trailing Twelve Months Professional Fees Occupancy Expense (ex-D&A) T&E, Office Supplies & Telecom All Other O&G
FINANCIAL	Available Liquidity \$1.0 Billion 5-Year Credit Facility Covenants

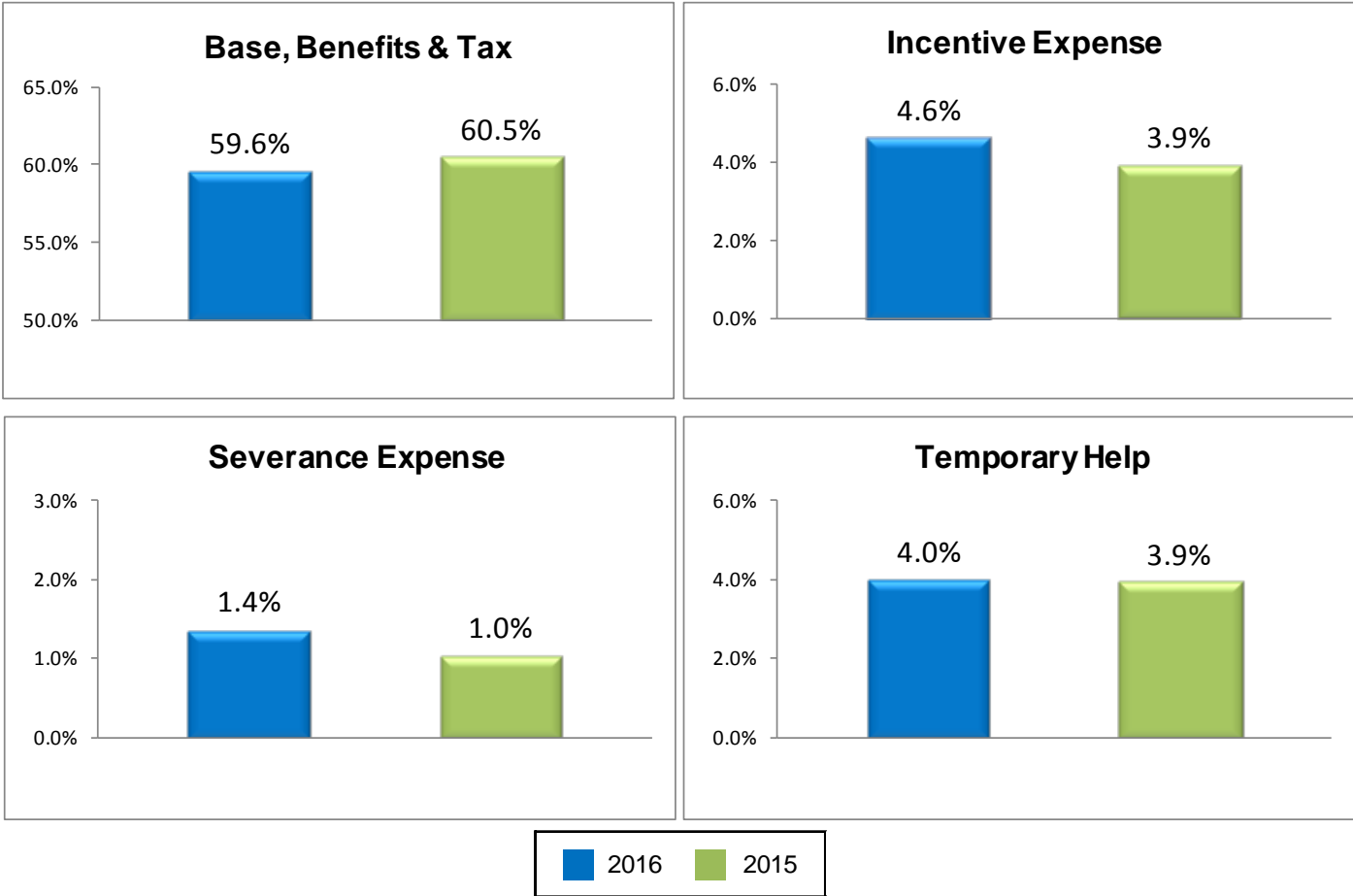
Salaries & Related Expenses

% of Revenue, Trailing Twelve Months



Salaries & Related Expenses (% of Revenue)

Three Months Ended March 31

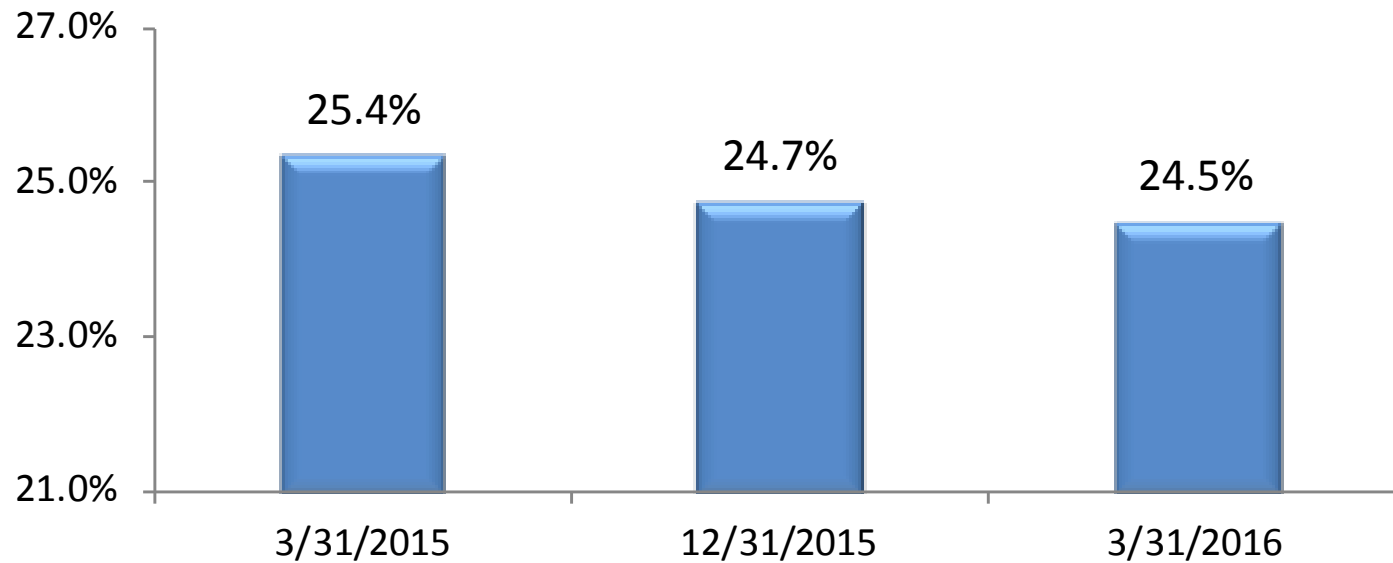


“All Other Salaries & Related,” not shown, was 3.4% and 3.2% for the three months ended March 31, 2016 and 2015, respectively.



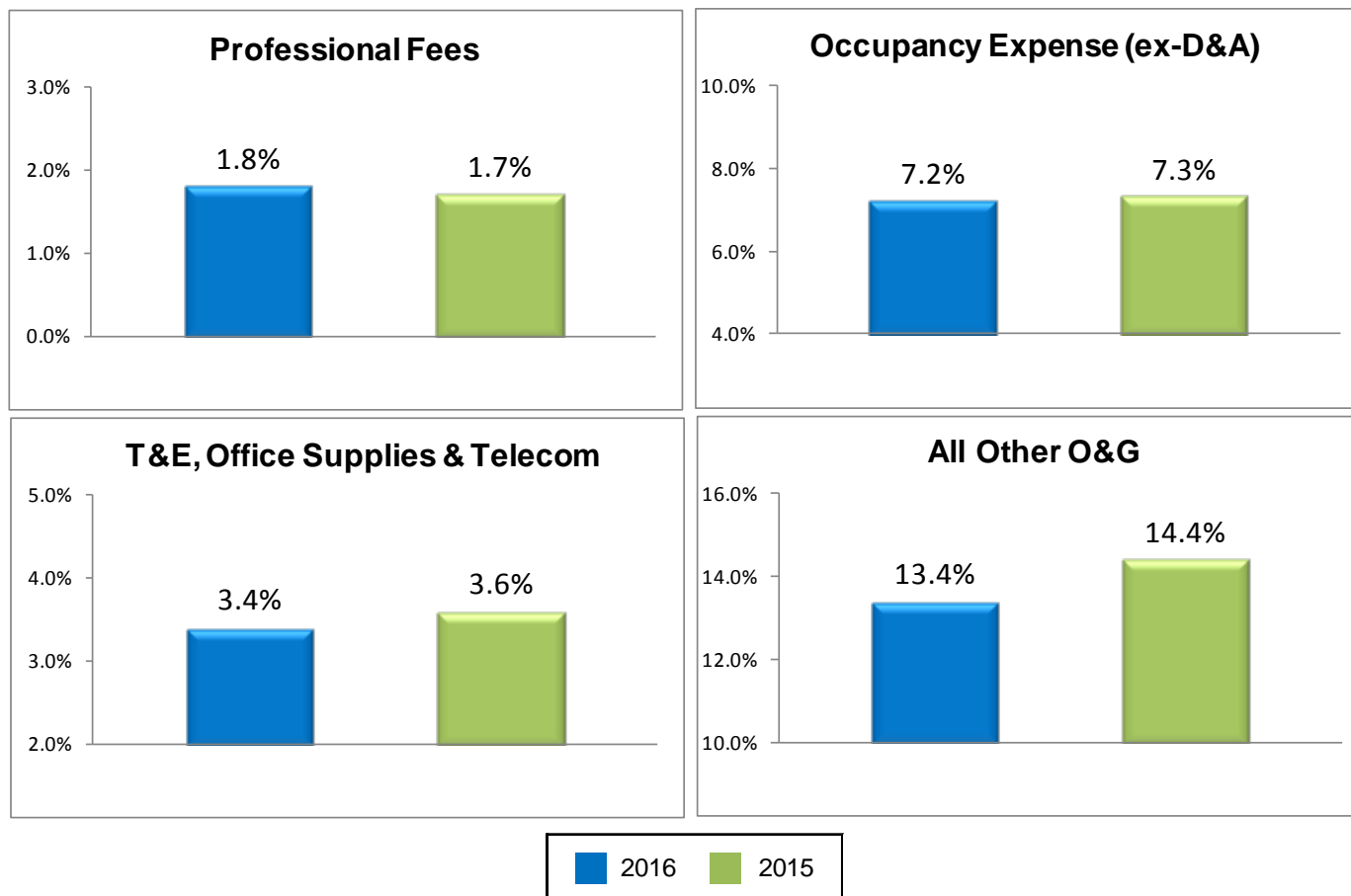
Office & General Expenses

% of Revenue, Trailing Twelve Months



Office & General Expenses (% of Revenue)

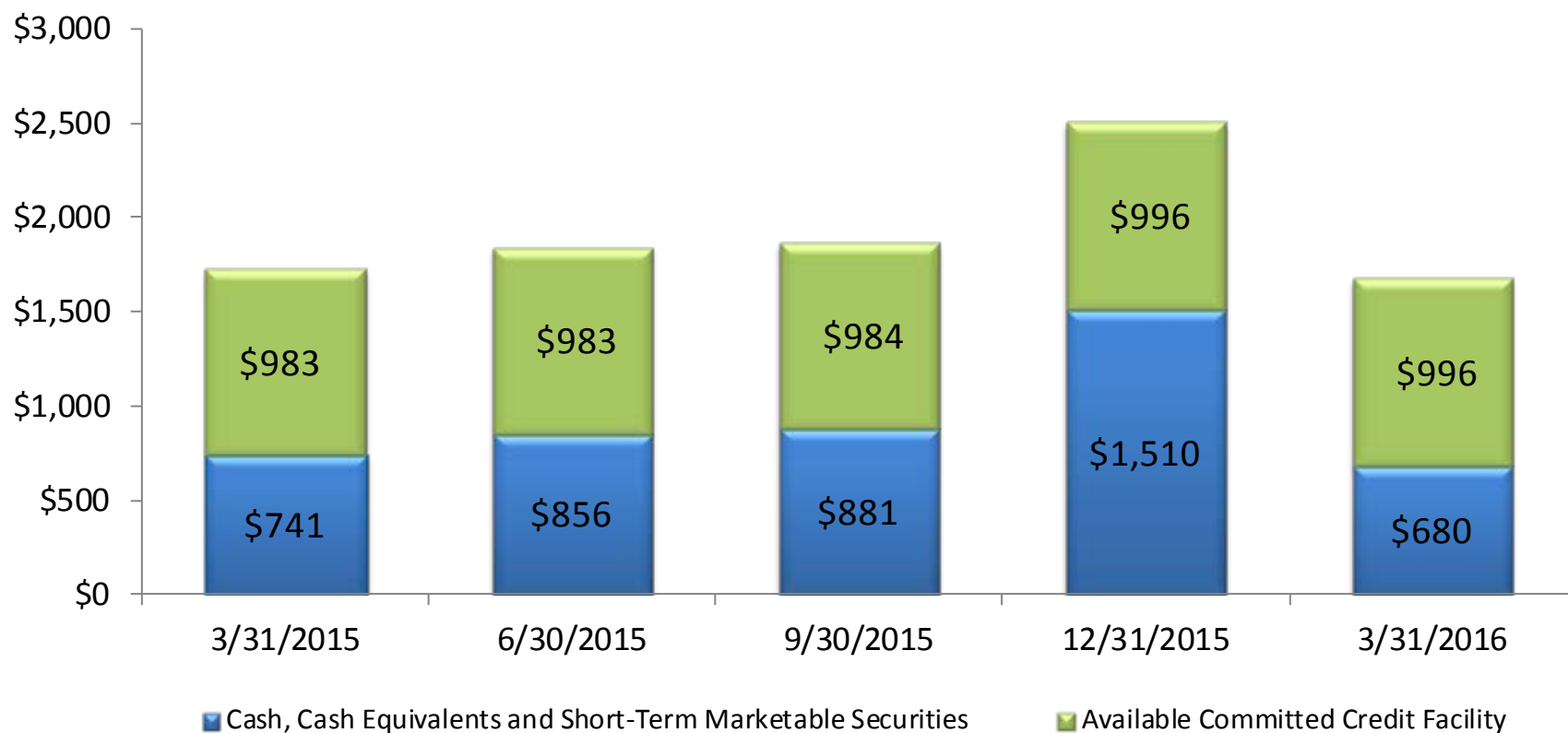
Three Months Ended March 31



"All Other O&G" includes production expenses, depreciation and amortization, bad debt expense, adjustments for contingent acquisition obligations, foreign currency (gains) losses, restructuring and other reorganization-related charges (reversals), long-lived asset impairments and other expenses.

Available Liquidity

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



\$1.0 Billion 5-Year Credit Facility Covenants

<u>Covenants</u>	<u>Last Twelve Months Ending March 31, 2016</u>
I. Interest Coverage Ratio (not less than):	5.00x
Actual Interest Coverage Ratio:	18.83x
II. Leverage Ratio (not greater than):	3.50x
Actual Leverage Ratio:	1.56x

<u>Interest Coverage Ratio - Interest Expense Reconciliation</u>	<u>Last Twelve Months Ending March 31, 2016</u>
Interest Expense:	\$87.5
- Interest income	21.4
- Other	6.7
Net interest expense ⁽¹⁾ :	<u>\$59.4</u>

<u>EBITDA Reconciliation</u>	<u>Last Twelve Months Ending March 31, 2016</u>
Operating Income:	\$885.0
+ Depreciation and amortization	232.9
+ Other non-cash charges	0.5
EBITDA ⁽¹⁾ :	<u>\$1,118.4</u>

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. 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; and
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world.

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.