

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): July 23, 2019

The Interpublic Group of Companies, Inc.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1-6686
(Commission File
Number)

13-1024020
(IRS Employer
Identification No.)

909 Third Avenue, New York, New York
(Address of Principal Executive Offices)

10022
(Zip Code)

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

(Former Name or Former Address, if Changed Since Last Report)

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

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

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

Title of each class
Common Stock, par value \$0.10 per share

Trading Symbol(s)
IPG

Name of each exchange on which registered
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 July 23, 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 second quarter and first half 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 July 23, 2019 (furnished pursuant to Item 2.02)

[Exhibit 99.2](#): Investor presentation dated July 23, 2019 (furnished pursuant to Item 2.02)

SIGNATURES

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

Date: July 23, 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 (July 23, 2019)

Interpublic Announces Second Quarter and First Half 2019 Results

- *Second quarter net revenue increase of 9.1% and organic net revenue increase of 3.0%*
- *First half net revenue increase of 11.0%; organic net revenue increase was 4.6%*
- *Second quarter operating income increase of 6.0% to \$264.2 million and EBITA increase of 12.2% to \$285.5 million*
- *Second quarter operating margin on net revenue of 12.4%; EBITA margin of 13.4%*
- *Second quarter diluted earnings per share of \$0.43 and \$0.46 as adjusted, compared with \$0.37 and \$0.44 as adjusted a year ago*
- *First half diluted earnings per share of \$0.41 and \$0.57 as adjusted, compared with \$0.34 and \$0.48 as adjusted a year ago*
- *Management confirms that the company is on track to achieve the high-end of the range of its full-year organic net revenue growth target of 2.0% to 3.0% and reaffirms adjusted EBITA¹ margin expansion of 40 to 50 basis points*

Summary

Revenue

- Second quarter 2019 net revenue increased 9.1% to \$2.13 billion, compared to \$1.95 billion in the second quarter of 2018, with an organic net revenue increase (excluding results from Acxiom) of 3.0% compared to the prior-year period. Second quarter 2019 total revenue increased 5.4% to \$2.52 billion, compared to \$2.39 billion in the second quarter of 2018.
- First half 2019 net revenue increased 11.0% to \$4.13 billion, compared to \$3.72 billion in the first half of 2018, with an organic net revenue increase (excluding results from Acxiom) of 4.6% compared to the prior-year period. First half 2019 total revenue increased 7.0% to \$4.88 billion, compared to \$4.56 billion in the first half 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 second quarter of 2019 was \$264.2 million, compared to \$249.2 million in 2018. Operating margin on net revenue was 12.4% for the second quarter of 2019, compared to 12.8% in 2018, lower due to increased amortization expense this year from the acquisition of Acxiom. EBITA was \$285.5 million in the second quarter of 2019 compared to \$254.4 million in 2018. EBITA margin on net revenue was 13.4%, compared to 13.1% in 2018.
- Operating income for the first half of 2019 was \$314.4 million, compared to \$288.0 million in 2018. Operating margin on net revenue was 7.6% for the first half of 2019, compared to 7.7% in 2018, lower due to increased amortization expense this year from the acquisition of Acxiom and restructuring charges in this year's first quarter. EBITA was \$357.3 million for the first half of 2019 compared to \$298.5 million in 2018. Adjusted EBITA¹ excluding \$31.8 million of restructuring charges from the first quarter of 2019 was \$389.1 million in the first half of 2019 compared to \$298.5 million in 2018. Adjusted EBITA margin on net revenue was 9.4%, compared to 8.0% in 2018.

Net Results

- Income tax provision in the second quarter of 2019 was \$43.6 million on income before income taxes of \$216.5 million.
- Second quarter 2019 net income available to IPG common stockholders was \$169.5 million, resulting in earnings of \$0.44 per basic share and \$0.43 per diluted share, and earnings of \$0.46 per diluted share as adjusted for after-tax amortization of acquired intangibles of \$17.1 million, after-tax loss of \$6.1 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 \$0.44 per diluted share a year ago.
- Income tax provision in the first half of 2019 was \$54.1 million on income before income taxes of \$217.8 million.
- First half 2019 net income available to IPG common stockholders was \$161.5 million, resulting in earnings of \$0.42 per basic share and \$0.41 per diluted share, and earnings of \$0.57 per diluted share as adjusted for after-tax amortization of acquired intangibles of \$34.5 million, after-tax restructuring charges of \$24.2 million, after-tax loss of \$14.7 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 \$0.48 per diluted share a year ago.
- Refer to reconciliations in the back for more detail.

"We are pleased with our financial performance this quarter. Our industry leading organic growth is a tribute to the competitiveness of our offerings and strength of our talent. Our results in the second quarter were led by strong top-and bottom-line performance in media, as well as growth from our global creative networks, and our public relations and digital offerings.

Our second quarter was also highlighted by growth across a broad range of client sectors, including healthcare, financial services, consumer goods and retail. Our performance is a reflection of the strength of our offerings, our people and our differentiated strategy. We continue to be pleased with Acxiom, as it has given us an unrivaled industry position in data management capabilities, allowing us to help marketers get the best out of all their data assets,” said Michael I. Roth, Interpublic’s Chairman and CEO.

“At mid-year, we are confident that our performance to date and the current tone of the business have us on track to deliver growth at the high end of the 2-to-3% organic growth target set at the beginning of the year. 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 and long-term strategy as the basis for significant shareholder value creation.”

Operating Results

Revenue

Net revenue of \$2.13 billion in the second quarter of 2019 increased 9.1% compared with the same period in 2018. During the quarter, the effect of foreign currency translation was negative 2.4%, the impact of net acquisitions was positive 8.5%, and the resulting organic net revenue increase (which excludes results from Acxiom) was 3.0%. This was comprised of an organic net increase of 0.6% in the U.S. and 6.5% internationally, attributable to a combination of net client wins and net higher spending from existing clients. Total revenue of \$2.52 billion in the second quarter of 2019 increased 5.4% compared with the same period in 2018.

Net revenue of \$4.13 billion in the first half of 2019 increased 11.0% compared with the same period in 2018. During the first half of 2019, the effect of foreign currency translation was negative 2.5%, the impact of net acquisitions was positive 8.9%, and the resulting organic net revenue increase (which excludes results from Acxiom) was 4.6%. This was comprised of an organic net increase of 3.0% in the U.S. and 7.1% internationally, attributable to a combination of net client wins and net higher spending from existing clients. Total revenue of \$4.88 billion in the first half of 2019 increased 7.0% compared with the same period in 2018.

Operating Expenses

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

During the second quarter of 2019, salaries and related expenses were \$1.38 billion, an increase of 6.8% compared to the same period in 2018. During the first half of 2019, salaries and related expenses were \$2.80 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 65.0% in the second quarter of 2019 compared to 66.4% in the same period in 2018, and was 67.8% in the first half of 2019 compared to 70.5% in the same period in 2018, primarily driven by leverage in base salaries, benefits and tax and temporary help expenses. The improved ratio was a result of carefully managing our employee base in addition to the inclusion of Acxiom, which had a lower ratio of salaries and related expenses as a percentage of its net revenue.

During the second quarter of 2019, office and other direct expenses were \$387.3 million, an increase of 16.2% compared to the same period in 2018. During the first half of 2019, office and other direct expenses were \$776.5 million, an increase of 18.2% compared to the same period in 2018.

Office and other direct expenses were 18.2% of net revenue in the second quarter of 2019 compared to 17.1% a year ago, and were 18.8% in the first half of 2019 compared to 17.7% in the same period in 2018. 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.

During the second quarter of 2019, selling, general and administrative expenses of \$18.1 million decreased 37.2% compared with the same period in 2018 and during the first half of 2019, selling, general and administrative expenses of \$59.5 million decreased 6.9% compared to the same period in 2018, primarily attributable to an increase in allocated service fees, mainly as a result of the inclusion of Acxiom, and lower professional fees, partially offset by higher incentive expense.

Selling, general and administrative expenses were 0.8% of net revenue in the second quarter of 2019 compared to 1.5% a year ago, and were 1.4% in the first half of 2019 compared to 1.7% in the same period in 2018.

Depreciation and amortization increased 65.9% to \$73.0 million during the second quarter of 2019 compared to a year ago, and increased 60.1% to \$144.1 million in the first half of 2019 compared to a year ago, primarily due to the inclusion of Acxiom.

Depreciation and amortization as a percentage of net revenue was 3.4% in the second quarter of 2019 compared to 2.3% the same period in 2018, and was 3.5% in the first half of 2019 compared to 2.4% in the same period in 2018.

During the second quarter and first half of 2019, restructuring charges were \$2.1 million and \$33.9 million, respectively, 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 \$22.5 million to \$43.9 million in the second quarter of 2019 from a year ago, and increased by \$48.6 million to \$85.9 million in the first half of 2019 from a year ago, primarily attributable to the issuance of long-term debt in 2018 in order to finance the Axiom acquisition.

The income tax provision in the second quarter of 2019 was \$43.6 million on income before income taxes of \$216.5 million, compared to a provision of \$63.6 million on income before income taxes of \$211.5 million in the same period in 2018.

The income tax provision in the first half of 2019 was \$54.1 million on income before income taxes of \$217.8 million, compared to a provision of \$76.3 million on income before income taxes of \$210.0 million in the same period in 2018.

Balance Sheet

At June 30, 2019, cash and cash equivalents totaled \$614.0 million, compared to \$673.4 million at December 31, 2018 and \$493.2 million at June 30, 2018. Total debt was \$3.77 billion at June 30, 2019, compared to \$3.73 billion at December 31, 2018.

Common Stock Dividend

During the second 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 Q1 2019 restructuring charges. See reconciliation tables in back for further detail.

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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.

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Cautionary Statement

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

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

- potential effects of a challenging economy, for example, on the demand for our advertising and marketing services, on our clients' financial condition and on our business or financial condition;
- our ability to attract new clients and retain existing clients;
- our ability to retain and attract key employees;
- risks associated with assumptions we make in connection with our critical accounting estimates, including changes in assumptions associated with any effects of a weakened economy;
- potential adverse effects if we are required to recognize impairment charges or other adverse accounting-related developments;
- risks associated with the effects of global, national and regional economic and political conditions, including counterparty risks and fluctuations in economic growth rates, interest rates and currency exchange rates;
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world; and
- failure to realize the anticipated benefits on the acquisition of the Axiom 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
SECOND QUARTER REPORT 2019 AND 2018
(Amounts in Millions except Per Share Data)
(UNAUDITED)

	Three Months Ended June 30,		
	2019	2018	Fav. (Unfav.) % Variance
Revenue:			
Net Revenue	\$ 2,125.9	\$ 1,948.2	9.1 %
Billable Expenses	394.3	443.6	(11.1)%
Total Revenue	<u>2,520.2</u>	<u>2,391.8</u>	<u>5.4 %</u>
Operating Expenses:			
Salaries and Related Expenses	1,381.2	1,292.9	(6.8)%
Office and Other Direct Expenses	387.3	333.3	(16.2)%
Billable Expenses	394.3	443.6	11.1 %
Cost of Services	<u>2,162.8</u>	<u>2,069.8</u>	<u>(4.5)%</u>
Selling, General and Administrative Expenses	18.1	28.8	37.2 %
Depreciation and Amortization	73.0	44.0	(65.9)%
Restructuring Charges	2.1	0.00	N/A
Total Operating Expenses	<u>2,256.0</u>	<u>2,142.6</u>	<u>(5.3)%</u>
Operating Income	264.2	249.2	6.0 %
Expenses and Other Income:			
Interest Expense	(51.6)	(26.1)	
Interest Income	7.7	4.7	
Other Expense, Net	(3.8)	(16.3)	
Total (Expenses) and Other Income	<u>(47.7)</u>	<u>(37.7)</u>	
Income Before Income Taxes	216.5	211.5	
Provision for Income Taxes	43.6	63.6	
Income of Consolidated Companies	172.9	147.9	
Equity in Net Loss of Unconsolidated Affiliates	(0.1)	(0.1)	
Net Income	172.8	147.8	
Net Income Attributable to Noncontrolling Interests	(3.3)	(2.0)	
Net Income Available to IPG Common Stockholders	<u>\$ 169.5</u>	<u>\$ 145.8</u>	
Earnings Per Share Available to IPG Common Stockholders:			
Basic	\$ 0.44	\$ 0.38	
Diluted	\$ 0.43	\$ 0.37	
Weighted-Average Number of Common Shares Outstanding:			
Basic	386.2	383.6	
Diluted	391.2	389.5	
Dividends Declared Per Common Share	\$ 0.235	\$ 0.210	

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

	Six months ended June 30,		
	2019	2018	Fav. (Unfav.) % Variance
Revenue:			
Net Revenue	\$ 4,130.7	\$ 3,722.2	11.0 %
Billable Expenses	750.7	838.7	(10.5)%
Total Revenue	<u>4,881.4</u>	<u>4,560.9</u>	<u>7.0 %</u>
Operating Expenses:			
Salaries and Related Expenses	2,802.3	2,623.2	(6.8)%
Office and Other Direct Expenses	776.5	657.1	(18.2)%
Billable Expenses	750.7	838.7	10.5 %
Cost of Services	<u>4,329.5</u>	<u>4,119.0</u>	<u>(5.1)%</u>
Selling, General and Administrative Expenses	59.5	63.9	6.9 %
Depreciation and Amortization	144.1	90.0	(60.1)%
Restructuring Charges	33.9	0.00	N/A
Total Operating Expenses	<u>4,567.0</u>	<u>4,272.9</u>	<u>(6.9)%</u>
Operating Income	<u>314.4</u>	<u>288.0</u>	<u>9.2 %</u>
Expenses and Other Income:			
Interest Expense	(101.4)	(46.0)	
Interest Income	15.5	8.7	
Other Expense, Net	(10.7)	(40.7)	
Total (Expenses) and Other Income	<u>(96.6)</u>	<u>(78.0)</u>	
Income Before Income Taxes	217.8	210.0	
Provision for Income Taxes	54.1	76.3	
Income of Consolidated Companies	<u>163.7</u>	<u>133.7</u>	
Equity in Net Loss of Unconsolidated Affiliates	(0.4)	(2.0)	
Net Income	<u>163.3</u>	<u>131.7</u>	
Net Income Attributable to Noncontrolling Interests	(1.8)	—	
Net Income Available to IPG Common Stockholders	<u>\$ 161.5</u>	<u>\$ 131.7</u>	
Earnings Per Share Available to IPG Common Stockholders:			
Basic	\$ 0.42	\$ 0.34	
Diluted	\$ 0.41	\$ 0.34	
Weighted-Average Number of Common Shares Outstanding:			
Basic	385.4	383.5	
Diluted	390.1	388.9	
Dividends Declared Per Common Share	\$ 0.470	\$ 0.420	

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

	Three Months Ended June 30, 2019				Adjusted Results
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses ¹	Settlement of Certain Tax Positions	
Net Revenue	\$ 2,125.9				\$ 2,125.9
Billable Expenses	394.3				394.3
Total Revenue	2,520.2				2,520.2
Cost of Services	2,162.8				2,162.8
Selling, General and Administrative Expenses	18.1				18.1
Depreciation and Amortization	73.0	\$ 21.3			51.7
Restructuring Charges	2.1				2.1
Total Operating Expense	2,256.0	21.3			2,234.7
Operating Income	264.2	(21.3)			285.5
<i>Operating Margin on Net Revenue %</i>	<i>12.4%</i>				<i>13.4%</i>
Interest Expense, Net	(43.9)				(43.9)
Other Expense, Net	(3.8)		\$ (6.1)		2.3
Total (Expenses) and Other Income	(47.7)		(6.1)		(41.6)
Income Before Income Taxes	216.5	(21.3)	(6.1)		243.9
Provision for Income Taxes	43.6	4.2	—	\$ 13.9	61.7
Equity in Net Loss of Unconsolidated Affiliates	(0.1)				(0.1)
Net Income Attributable to Noncontrolling Interests	(3.3)				(3.3)
Net Income Available to IPG Common Stockholders	\$ 169.5	\$ (17.1)	\$ (6.1)	\$ 13.9	\$ 178.8
Weighted-Average Number of Common Shares Outstanding - Basic	386.2				386.2
Dilutive effect of stock options and restricted shares	5.0				5.0
Weighted-Average Number of Common Shares Outstanding - Diluted	391.2				391.2
Earnings per Share Available to IPG Common Stockholders:					
Basic	\$ 0.44	\$ (0.04)	\$ (0.02)	\$ 0.04	\$ 0.46
Diluted	\$ 0.43	\$ (0.04)	\$ (0.02)	\$ 0.04	\$ 0.46

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

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

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

	Six Months Ended June 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	\$ 4,130.7					\$ 4,130.7
Billable Expenses	750.7					750.7
Total Revenue	4,881.4					4,881.4
Cost of Services	4,329.5					4,329.5
Selling, General and Administrative Expenses	59.5					59.5
Depreciation and Amortization	144.1	\$ 42.9				101.2
Restructuring Charges	33.9		\$ 31.8			2.1
Total Operating Expense	4,567.0	42.9	31.8			4,492.3
Operating Income	314.4	(42.9)	(31.8)			389.1
<i>Operating Margin on Net Revenue %</i>	<i>7.6%</i>					<i>9.4%</i>
Interest Expense, Net	(85.9)					(85.9)
Other Expense, Net	(10.7)			\$ (14.7)		4.0
Total (Expenses) and Other Income	(96.6)			(14.7)		(81.9)
Income Before Income Taxes	217.8	(42.9)	(31.8)	(14.7)		307.2
Provision for Income Taxes	54.1	8.4	7.6	—	\$ 13.9	84.0
Equity in Net Loss of Unconsolidated Affiliates	(0.4)					(0.4)
Net Income Attributable to Noncontrolling Interests	(1.8)					(1.8)
Net Income Available to IPG Common Stockholders	\$ 161.5	\$ (34.5)	\$ (24.2)	\$ (14.7)	\$ 13.9	\$ 221.0
Weighted-Average Number of Common Shares Outstanding - Basic	385.4					385.4
Dilutive effect of stock options and restricted shares	4.7					4.7
Weighted-Average Number of Common Shares Outstanding - Diluted	390.1					390.1
Earnings per Share Available to IPG Common Stockholders:						
Basic	\$ 0.42	\$ (0.09)	\$ (0.06)	\$ (0.04)	\$ 0.04	\$ 0.57
Diluted	\$ 0.41	\$ (0.09)	\$ (0.06)	\$ (0.04)	\$ 0.04	\$ 0.57

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

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net Revenue	\$ 2,125.9	\$ 1,948.2	\$ 4,130.7	\$ 3,722.2
EBITA Reconciliation:				
Net Income Available to IPG Common Stockholders	\$ 169.5	\$ 145.8	\$ 161.5	\$ 131.7
Add Back:				
Provision for Income Taxes	43.6	63.6	54.1	76.3
Subtract:				
Total (Expenses) and Other Income	(47.7)	(37.7)	(96.6)	(78.0)
Equity in Net Loss of Unconsolidated Affiliates	(0.1)	(0.1)	(0.4)	(2.0)
Net Income Attributable to Noncontrolling Interests	(3.3)	(2.0)	(1.8)	—
Operating Income	264.2	249.2	314.4	288.0
Add Back:				
Amortization of Acquired Intangibles	21.3	5.2	42.9	10.5
EBITA	\$ 285.5	\$ 254.4	\$ 357.3	\$ 298.5
<i>EBITA Margin on Net Revenue %</i>	<i>13.4%</i>	<i>13.1%</i>	<i>8.6%</i>	<i>8.0%</i>
Q1 2019 Restructuring Charges			31.8	—
Adjusted EBITA			\$ 389.1	\$ 298.5
<i>Adjusted EBITA Margin on Net Revenue %</i>			<i>9.4%</i>	<i>8.0%</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 June 30, 2018			
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses ¹	Adjusted Results
Net Revenue	\$ 1,948.2			\$ 1,948.2
Billable Expenses	443.6			443.6
Total Revenue	2,391.8			2,391.8
Cost of Services	2,069.8			2,069.8
Selling, General, and Administrative Expenses	28.8			28.8
Depreciation and Amortization	44.0	\$ 5.2		38.8
Total Operating Expense	2,142.6	5.2		2,137.4
Operating Income	249.2	(5.2)		254.4
<i>Operating Margin on Net Revenue %</i>	<i>12.8%</i>			<i>13.1%</i>
Interest Expense, Net	(21.4)			(21.4)
Other Expense, Net	(16.3)		\$ (19.8)	3.5
Total (Expenses) and Other Income	(37.7)		(19.8)	(17.9)
Income Before Income Taxes	211.5	(5.2)	(19.8)	236.5
Provision for Income Taxes	63.6	0.2	—	63.8
Equity in Net Loss of Unconsolidated Affiliates	(0.1)			(0.1)
Net Income Attributable to Noncontrolling Interests	(2.0)			(2.0)
Net Income Available to IPG Common Stockholders	\$ 145.8	\$ (5.0)	\$ (19.8)	\$ 170.6
Weighted-Average Number of Common Shares Outstanding - Basic	383.6			383.6
Dilutive effect of stock options and restricted shares	5.9			5.9
Weighted-Average Number of Common Shares Outstanding - Diluted	389.5			389.5
Earnings per Share Available to IPG Common Stockholders:				
Basic	\$ 0.38	\$ (0.01)	\$ (0.05)	\$ 0.44
Diluted	\$ 0.37	\$ (0.01)	\$ (0.05)	\$ 0.44

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

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

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

	Six Months Ended June 30, 2018			
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses ¹	Adjusted Results
Net Revenue	\$ 3,722.2			\$ 3,722.2
Billable Expenses	838.7			838.7
Total Revenue	4,560.9			4,560.9
Cost of Services	4,119.0			4,119.0
Selling, General, and Administrative Expenses	63.9			63.9
Depreciation and Amortization	90.0	\$ 10.5		79.5
Total Operating Expense	4,272.9	10.5		4,262.4
Operating Income	288.0	(10.5)		298.5
<i>Operating Margin on Net Revenue %</i>	<i>7.7%</i>			<i>8.0%</i>
Interest Expense, Net	(37.3)			(37.3)
Other (Expense) Income, Net	(40.7)		\$ (44.2)	3.5
Total (Expenses) and Other Income	(78.0)		(44.2)	(33.8)
Income Before Income Taxes	210.0	(10.5)	(44.2)	264.7
Provision for Income Taxes	76.3	0.4	0.4	77.1
Equity in Net Loss of Unconsolidated Affiliates	(2.0)			(2.0)
Net Income Attributable to Noncontrolling Interests	—			—
Net Income Available to IPG Common Stockholders	\$ 131.7	\$ (10.1)	\$ (43.8)	\$ 185.6
Weighted-Average Number of Common Shares Outstanding - Basic	383.5			383.5
Dilutive effect of stock options and restricted shares	5.4			5.4
Weighted-Average Number of Common Shares Outstanding - Diluted	388.9			388.9
Earnings per Share Available to IPG Common Stockholders:				
Basic	\$ 0.34	\$ (0.03)	\$ (0.11)	\$ 0.48
Diluted	\$ 0.34	\$ (0.03)	\$ (0.11)	\$ 0.48

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

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



SECOND QUARTER 2019
EARNINGS CONFERENCE CALL

Interpublic Group
July 23, 2019

Overview - Second Quarter 2019

- Net revenue growth was 9.1%, and organic growth of net revenue was 3.0%
 - U.S. organic growth was 0.6%
 - International organic growth was 6.5%
- Operating income was \$264.2 million, and EBITA was \$285.5 million, a 12.2% increase from a year ago
- EBITA margin was 13.4% compared with 13.1% a year ago
- Diluted EPS was \$0.43, and was \$0.46 as adjusted compared with \$0.44 a year ago

"Organic growth" refers exclusively to the organic change of net revenue. Adjusted diluted EPS is adjusted for amortization of acquired intangibles, Q1 2019 restructuring charges, sales of businesses, and tax settlements. See reconciliation of organic net revenue change on pages 17-18 and adjusted non-GAAP reconciliations on pages 19-21.



Operating Performance

(Amounts in Millions,
except per share amounts)

	Three Months Ended June 30,			
	2019		2018	
<i>Net Revenue</i>	\$	2,125.9	\$	1,948.2
Billable Expenses		394.3		443.6
<i>Total Revenue</i>		2,520.2		2,391.8
Salaries and Related Expenses		1,381.2		1,292.9
Office and Other Direct Expenses		387.3		333.3
Billable Expenses		394.3		443.6
Cost of Services		2,162.8		2,069.8
Selling, General and Administrative Expenses		18.1		28.8
Depreciation and Amortization		73.0		44.0
Restructuring Charges		2.1		0.0
<i>Operating Income</i>		264.2		249.2
Interest Expense, net		(43.9)		(21.4)
Other Expense, net		(3.8)		(16.3)
<i>Income Before Income Taxes</i>		216.5		211.5
Provision for Income Taxes		43.6		63.6
Equity in Net Loss of Unconsolidated Affiliates		(0.1)		(0.1)
<i>Net Income</i>		172.8		147.8
Net Income Attributable to Noncontrolling Interests		(3.3)		(2.0)
<i>Net Income Available to IPG Common Stockholders</i>	\$	169.5	\$	145.8
<i>Earnings per Share Available to IPG Common Stockholders - Basic</i>	\$	0.44	\$	0.38
<i>Earnings per Share Available to IPG Common Stockholders - Diluted</i>	\$	0.43	\$	0.37
<i>Weighted-Average Number of Common Shares Outstanding - Basic</i>		386.2		383.6
<i>Weighted-Average Number of Common Shares Outstanding - Diluted</i>		391.2		389.5
<i>Dividends Declared per Common Share</i>	\$	0.235	\$	0.210

Net Revenue

(\$ in Millions)

	Three Months Ended		Six Months Ended	
	\$	% Change	\$	% Change
June 30, 2018	\$ 1,948.2		\$ 3,722.2	
Total change	177.7	9.1%	408.5	11.0%
Foreign currency	(45.8)	(2.4%)	(95.2)	(2.5%)
Net acquisitions/(divestitures)	165.9	8.5%	331.7	8.9%
Organic	57.6	3.0%	172.0	4.6%
June 30, 2019	\$ 2,125.9		\$ 4,130.7	

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change				Change	
	2019	2018	Organic	Total	2019	2018	Organic	Total
IAN	\$ 1,805.8	\$ 1,629.1	3.2%	10.8%	\$ 3,517.0	\$ 3,110.4	5.2%	13.1%
CMG	\$ 320.1	\$ 319.1	1.9%	0.3%	\$ 613.7	\$ 611.8	1.9%	0.3%

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



Geographic Net Revenue Change

	Three Months Ended June 30, 2019		Six Months Ended June 30, 2019	
	Organic	Total	Organic	Total
United States	0.6%	14.2%	3.0%	17.1%
International	6.5%	1.5%	7.1%	1.4%
United Kingdom	4.7%	2.7%	5.2%	3.4%
Continental Europe	9.2%	2.6%	8.4%	0.8%
Asia Pacific	(0.3%)	(4.2%)	1.9%	(2.5%)
Latin America	25.1%	12.3%	24.5%	10.6%
All Other Markets	4.8%	1.0%	5.0%	(0.1%)
Worldwide	3.0%	9.1%	4.6%	11.0%

"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 June 30,			Six Months Ended June 30,		
	2019	2018	% Increase / (Decrease)	2019	2018	% Inc (Dec)
Salaries & Related % of Net Revenue	\$ 1,381.2 65.0%	\$ 1,292.9 66.4%	6.8%	\$ 2,802.3 67.8%	\$ 2,623.2 70.5%	
Office & Other Direct % of Net Revenue	387.3 18.2%	333.3 17.1%	16.2%	776.5 18.8%	657.1 17.7%	
Selling, General & Administrative % of Net Revenue	18.1 0.8%	28.8 1.5%	(37.2)%	59.5 1.4%	63.9 1.7%	
Depreciation ⁽¹⁾ % of Net Revenue	51.7 2.4%	38.8 2.0%	33.2%	101.2 2.4%	79.5 2.1%	
Amortization of Acquired Intangibles ⁽¹⁾ % of Net Revenue	21.3 1.0%	5.2 0.3%	309.6%	42.9 1.0%	10.5 0.3%	3
Restructuring % of Net Revenue	2.1 0.1%	0.0 N/A	N/A	33.9 0.8%	0.0 N/A	

⁽¹⁾ For the three months ended June 30, 2019, depreciation and amortization from Acxiom was \$10.2 and \$16.6, respectively. For the six months ended June 30, 2019, depreciation and amortization from Acxiom was \$20.3 and \$33.3, respectively.

Adjusted Diluted Earnings Per Share

(Amounts in Millions,
except per share amounts)

	Three Months Ended June 30, 2019				
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Settlement of Certain Tax Positions	Adjusted Results
Operating Income and EBITA	\$ 264.2	\$ (21.3)			\$ 285.5
Total (Expenses) and Other Income	(47.7)		\$ (6.1)		(41.6)
Income Before Income Taxes	216.5	(21.3)	(6.1)		243.9
Provision for Income Taxes	43.6	4.2		\$ 13.9	61.7
Equity in Net Loss of Unconsolidated Affiliates	(0.1)				(0.1)
Net Income Attributable to Noncontrolling Interests	(3.3)				(3.3)
Diluted EPS Components:					
Net Income Available to IPG Common Stockholders	\$ 169.5	\$ (17.1)	\$ (6.1)	\$ 13.9	\$ 178.8
Weighted-Average Number of Common Shares Outstanding	391.2				391.2
Earnings per Share Available to IPG Common Stockholders:	\$ 0.43	\$ (0.04)	\$ (0.02)	\$ 0.04	\$ 0.46

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



Adjusted Diluted Earnings Per Share

(Amounts in Millions,
except per share amounts)

	Six Months Ended June 30, 2019					
	As Reported	Amortization of Acquired Intangibles	Q1 2019 Restructuring Charges	Net Losses on Sales of Businesses	Settlement of Certain Tax Positions	Ac Re
Operating Income and Adjusted EBITA	\$ 314.4	\$ (42.9)	\$ (31.8)			\$
Total (Expenses) and Other Income	(96.6)			\$ (14.7)		
Income Before Income Taxes	217.8	(42.9)	(31.8)	(14.7)		
Provision for Income Taxes	54.1	8.4	7.6		\$ 13.9	
Equity in Net Loss of Unconsolidated Affiliates	(0.4)					
Net Income Attributable to Noncontrolling Interests	(1.8)					
Diluted EPS Components:						
Net Income Available to IPG Common Stockholders	\$ 161.5	\$ (34.5)	\$ (24.2)	\$ (14.7)	\$ 13.9	\$
Weighted-Average Number of Common Shares Outstanding	390.1					
Earnings per Share Available to IPG Common Stockholders:	\$ 0.41	\$ (0.09)	\$ (0.06)	\$ (0.04)	\$ 0.04	\$

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



Cash Flow

(\$ in Millions)

	Three Months Ended June 30,	
	2019	2018
NET INCOME	\$ 172.8	\$ 147.8
OPERATING ACTIVITIES		
Depreciation & amortization	91.2	61.3
Deferred taxes	28.0	(10.2)
Net losses on sales of businesses	3.2	19.8
Other non-cash items	(7.7)	(0.9)
Change in working capital, net	52.7	(62.5)
Operating lease right-of-use assets	98.0	0.0
Operating lease liabilities	(101.6)	0.0
Change in other non-current assets & liabilities	(44.1)	16.9
Net cash provided by in Operating Activities	292.5	172.2
INVESTING ACTIVITIES		
Capital expenditures	(47.3)	(38.7)
Acquisitions, net of cash acquired	(0.6)	(8.3)
Other investing activities	0.7	12.5
Net cash used in Investing Activities	(47.2)	(34.5)
FINANCING ACTIVITIES		
Exercise of stock options	0.0	0.1
Repurchases of common stock	0.0	(59.6)
Repayment of long-term debt	(100.1)	(4.7)
Common stock dividends	(90.8)	(80.4)
Net decrease in short-term borrowings	(68.7)	(49.5)
Acquisition-related payments	(12.5)	(16.0)
Distributions to noncontrolling interests	(5.6)	(6.7)
Tax payments for employee shares withheld	(0.8)	(1.7)
Other financing activities	0.1	1.3
Net cash used in Financing Activities	(278.4)	(217.2)
Currency effect	16.7	(24.6)
Net decrease in cash, cash equivalents and restricted cash	\$ (16.4)	\$ (104.1)

Balance Sheet – Current Portion

(\$ in Millions)

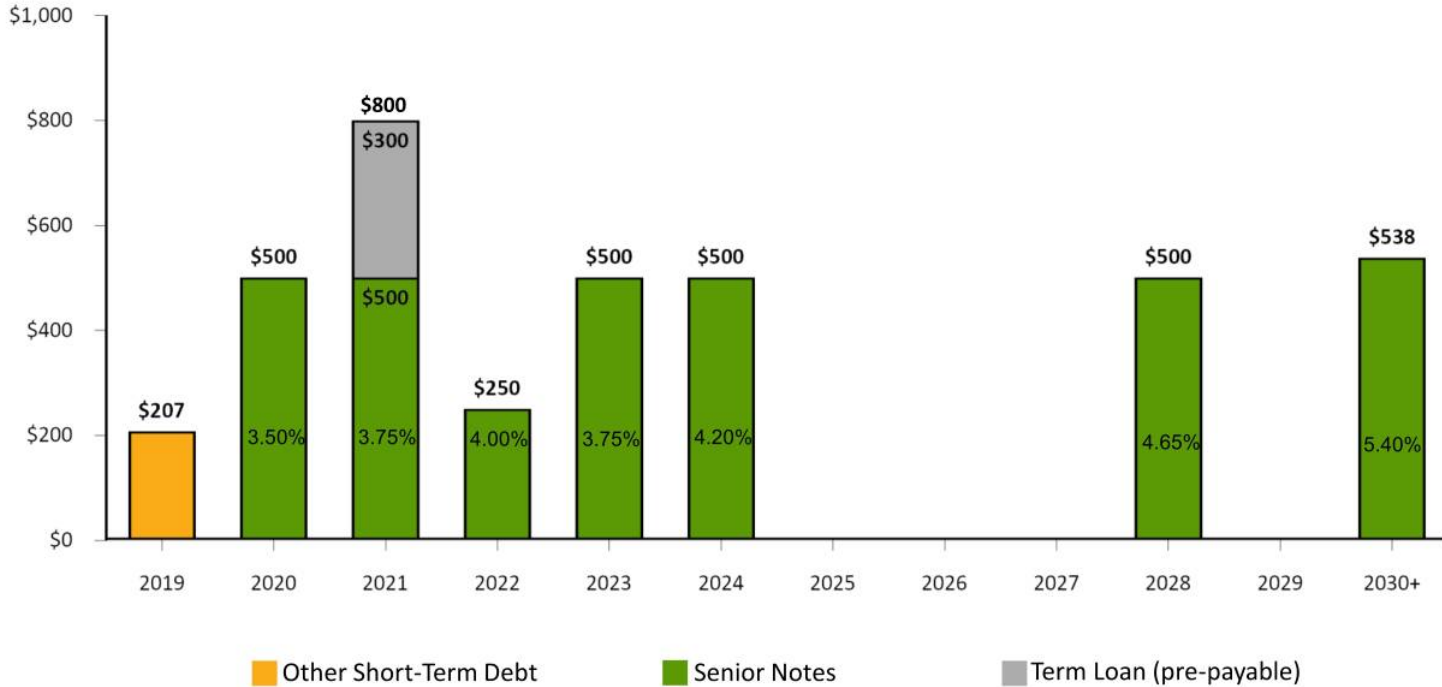
	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 614.0	\$ 673.4	\$ 493.2
Accounts receivable, net	4,389.5	5,126.6	4,247.7
Accounts receivable, billable to clients	1,977.6	1,900.6	1,945.8
Assets held for sale	26.4	5.7	19.6
Other current assets	467.9	476.6	439.3
Total current assets	\$ 7,475.4	\$ 8,182.9	\$ 7,145.6
CURRENT LIABILITIES:			
Accounts payable	\$ 6,022.3	\$ 6,698.1	\$ 5,738.8
Accrued liabilities	626.4	806.9	551.5
Contract liabilities	585.2	533.9	510.8
Short-term borrowings	207.1	73.7	757.6
Current portion of long-term debt	0.3	0.1	0.1
Liabilities held for sale	29.0	11.2	26.5
Current portion of operating leases ⁽¹⁾	261.0	0.0	0.0
Total current liabilities	\$ 7,731.3	\$ 8,123.9	\$ 7,585.3

⁽¹⁾ Increase from prior periods is due to adoption of new lease accounting standard.

Debt Maturity Schedule

(\$ in Millions)

Total Debt = \$3.8 billion



Senior Notes shown at face value on June 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
- Effective expense management an ongoing priority
- Continued focus on growth and margin improvement
- Financial strength an ongoing source of value creation



Interpublic Group

Appendix

Operating Performance

(Amounts in Millions,
except per share amounts)

	Six Months Ended June 30,	
	2019	2018
<i>Net Revenue</i>	\$ 4,130.7	\$ 3,722.2
Billable Expenses	750.7	838.7
<i>Total Revenue</i>	4,881.4	4,560.9
Salaries and Related Expenses	2,802.3	2,623.2
Office and Other Direct Expenses	776.5	657.1
Billable Expenses	750.7	838.7
Cost of Services	4,329.5	4,119.0
Selling, General and Administrative Expenses	59.5	63.9
Depreciation and Amortization	144.1	90.0
Restructuring Charges	33.9	0.0
<i>Operating Income</i>	314.4	288.0
Interest Expense, net	(85.9)	(37.3)
Other Expense, net	(10.7)	(40.7)
<i>Income Before Income Taxes</i>	217.8	210.0
Provision for Income Taxes	54.1	76.3
Equity in Net Loss of Unconsolidated Affiliates	(0.4)	(2.0)
<i>Net Income</i>	163.3	131.7
Net Income Attributable to Noncontrolling Interests	(1.8)	0.0
<i>Net Income Available to IPG Common Stockholders</i>	\$ 161.5	\$ 131.7
<i>Earnings per Share Available to IPG Common Stockholders - Basic</i>	\$ 0.42	\$ 0.34
<i>Earnings per Share Available to IPG Common Stockholders - Diluted</i>	\$ 0.41	\$ 0.34
<i>Weighted-Average Number of Common Shares Outstanding - Basic</i>	385.4	383.5
<i>Weighted-Average Number of Common Shares Outstanding - Diluted</i>	390.1	388.9
<i>Dividends Declared per Common Share</i>	\$ 0.470	\$ 0.420

Cash Flow

(\$ in Millions)

	Six Months Ended June 30,	
	2019	2018
NET INCOME	\$ 163.3	\$ 131.7
OPERATING ACTIVITIES		
Depreciation & amortization	192.8	138.7
Deferred taxes	(3.0)	(31.0)
Net losses on sales of businesses	11.8	44.2
Other non-cash items	8.8	8.0
Change in working capital, net	(113.1)	(837.5)
Operating lease right-of-use assets	168.0	0.0
Operating lease liabilities	(164.0)	0.0
Change in other non-current assets & liabilities	(65.6)	(11.8)
Net cash provided by (used in) Operating Activities	199.0	(557.7)
INVESTING ACTIVITIES		
Capital expenditures	(80.1)	(61.5)
Acquisitions, net of cash acquired	(0.6)	(8.5)
Other investing activities	2.8	12.4
Net cash used in Investing Activities	(77.9)	(57.6)
FINANCING ACTIVITIES		
Net increase in short-term borrowings	132.3	669.3
Exercise of stock options	0.6	7.0
Repurchases of common stock	0.0	(114.5)
Common stock dividends	(181.4)	(161.2)
Repayment of long-term debt	(100.1)	(4.7)
Tax payments for employee shares withheld	(22.0)	(28.0)
Acquisition-related payments	(13.0)	(16.0)
Distributions to noncontrolling interests	(8.1)	(10.6)
Other financing activities	0.0	(0.3)
Net cash (used in) provided by Financing Activities	(191.7)	341.0
Currency effect	10.3	(27.5)
Net decrease in cash, cash equivalents and restricted cash	\$ (60.3)	\$ (301.8)

Depreciation and Amortization

(\$ in Millions)

	2019				
	Q1	Q2	Q3	Q4	YTD 2019
Depreciation ⁽¹⁾	\$ 49.5	\$ 51.7			\$ 101.2
Amortization of acquired intangibles ⁽¹⁾	21.6	21.3			42.9
Amortization of restricted stock and other non-cash compensation	28.2	15.9			44.1
Net amortization of bond discounts and deferred financing costs	2.3	2.3			4.6

	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 June 30, 2019, depreciation and amortization from Acxiom was \$10.2 and \$16.6, respectively. For the six months ended June 30, 2019, depreciation and amortization from Acxiom was \$20.3 and \$33.3, respectively.

Reconciliation of Organic Net Revenue

(\$ in Millions)

Segment	Three Months Ended June 30, 2018	Components of Change			Three Months Ended June 30, 2019	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
Segment							
IAN	\$ 1,629.1	\$ (39.6)	\$ 164.8	\$ 51.5	\$ 1,805.8	3.2%	10.8%
CMG	319.1	(6.2)	1.1	6.1	320.1	1.9%	0.3%
Total	\$ 1,948.2	\$ (45.8)	\$ 165.9	\$ 57.6	\$ 2,125.9	3.0%	9.1%
Geographic							
United States	\$ 1,171.5	\$ 0.0	\$ 159.2	\$ 7.0	\$ 1,337.7	0.6%	14.2%
International	776.7	(45.8)	6.7	50.6	788.2	6.5%	1.5%
United Kingdom	175.7	(10.2)	6.6	8.3	180.4	4.7%	2.7%
Continental Europe	178.7	(12.0)	0.2	16.4	183.3	9.2%	2.6%
Asia Pacific	214.2	(9.7)	1.3	(0.7)	205.1	(0.3%)	(4.2%)
Latin America	82.0	(9.7)	(0.8)	20.6	92.1	25.1%	12.3%
All Other Markets	126.1	(4.2)	(0.6)	6.0	127.3	4.8%	1.0%
Worldwide	\$ 1,948.2	\$ (45.8)	\$ 165.9	\$ 57.6	\$ 2,125.9	3.0%	9.1%

Reconciliation of Organic Net Revenue

(\$ in Millions)

Segment	Six Months Ended June 30, 2018	Components of Change			Six Months Ended June 30, 2019	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
Segment							
IAN	\$ 3,110.4	\$ (82.7)	\$ 328.9	\$ 160.4	\$ 3,517.0	5.2%	13.1%
CMG	611.8	(12.5)	2.8	11.6	613.7	1.9%	0.3%
Total	\$ 3,722.2	\$ (95.2)	\$ 331.7	\$ 172.0	\$ 4,130.7	4.6%	11.0%
Geographic							
United States	\$ 2,263.8	\$ 0.0	\$ 319.2	\$ 68.8	\$ 2,651.8	3.0%	17.1%
International	1,458.4	(95.2)	12.5	103.2	1,478.9	7.1%	1.4%
United Kingdom	339.2	(20.7)	14.5	17.7	350.7	5.2%	3.4%
Continental Europe	337.4	(24.7)	(1.0)	28.4	340.1	8.4%	0.8%
Asia Pacific	393.0	(19.5)	2.3	7.3	383.1	1.9%	(2.5%)
Latin America	155.9	(20.5)	(1.2)	38.2	172.4	24.5%	10.6%
All Other Markets	232.9	(9.8)	(2.1)	11.6	232.6	5.0%	(0.1%)
Worldwide	\$ 3,722.2	\$ (95.2)	\$ 331.7	\$ 172.0	\$ 4,130.7	4.6%	11.0%

Reconciliation of Adjusted Results ⁽¹⁾

(Amounts in Millions,
except per share amounts)

	Three Months Ended June 30, 2019				
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Settlement of Certain Tax Positions	Adjusted Results
Operating Income and EBITA	\$ 264.2	\$ (21.3)			\$ 285.5
Total (Expenses) and Other Income	(47.7)		\$ (6.1)		(41.6)
Income Before Income Taxes	216.5	(21.3)	(6.1)		243.9
Provision for Income Taxes	43.6	4.2		\$ 13.9	61.7
Equity in Net Loss of Unconsolidated Affiliates	(0.1)				(0.1)
Net Income Attributable to Noncontrolling Interests	(3.3)				(3.3)
Net Income Available to IPG Common Stockholders	\$ 169.5	\$ (17.1)	\$ (6.1)	\$ 13.9	\$ 178.8
Weighted-Average Number of Common Shares Outstanding - Basic	386.2				386.2
Dilutive effect of stock options and restricted shares	5.0				5.0
Weighted-Average Number of Common Shares Outstanding - Diluted	391.2				391.2
Earnings per Share Available to IPG Common Stockholders:					
Basic	\$ 0.44	\$ (0.04)	\$ (0.02)	\$ 0.04	\$ 0.46
Diluted	\$ 0.43	\$ (0.04)	\$ (0.02)	\$ 0.04	\$ 0.46

⁽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)

	Six Months Ended June 30, 2019					A R
	As Reported	Amortization of Acquired Intangibles	Q1 2019 Restructuring Charges	Net Losses on Sales of Businesses	Settlement of Certain Tax Positions	
Operating Income and Adjusted EBITA	\$ 314.4	\$ (42.9)	\$ (31.8)			\$
Total (Expenses) and Other Income	(96.6)			\$ (14.7)		
Income Before Income Taxes	217.8	(42.9)	(31.8)	(14.7)		
Provision for Income Taxes	54.1	8.4	7.6		\$ 13.9	
Equity in Net Loss of Unconsolidated Affiliates	(0.4)					
Net Income Attributable to Noncontrolling Interests	(1.8)					
Net Income Available to IPG Common Stockholders	\$ 161.5	\$ (34.5)	\$ (24.2)	\$ (14.7)	\$ 13.9	\$
Weighted-Average Number of Common Shares Outstanding - Basic	385.4					
Dilutive effect of stock options and restricted shares	4.7					
Weighted-Average Number of Common Shares Outstanding - Diluted	390.1					
Earnings per Share Available to IPG Common Stockholders:						
Basic	\$ 0.42	\$ (0.09)	\$ (0.06)	\$ (0.04)	\$ 0.04	\$
Diluted	\$ 0.41	\$ (0.09)	\$ (0.06)	\$ (0.04)	\$ 0.04	\$

⁽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.

Adjusted EBITA Reconciliation ⁽¹⁾

(\$ in Millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net Revenue	\$ 2,125.9	\$ 1,948.2	\$ 4,130.7	\$ 3,722.2
EBITA Reconciliation:				
Net Income Available to IPG Common Stockholders	\$ 169.5	\$ 145.8	\$ 161.5	\$ 131.7
Add Back:				
Provision for Income Taxes	43.6	63.6	54.1	76.3
Subtract:				
Total (Expenses) and Other Income	(47.7)	(37.7)	(96.6)	(78.0)
Equity in Net Loss of Unconsolidated Affiliates	(0.1)	(0.1)	(0.4)	(2.0)
Net Income Attributable to Noncontrolling Interests	(3.3)	(2.0)	(1.8)	0.0
Operating Income	264.2	249.2	314.4	288.0
Add Back:				
Amortization of Acquired Intangibles	21.3	5.2	42.9	10.5
EBITA	\$ 285.5	\$ 254.4	357.3	298.5
<i>EBITA Margin on Net Revenue %</i>	13.4%	13.1%	8.6%	8.0%
Q1 2019 Restructuring Charges			31.8	0.0
Adjusted EBITA			\$ 389.1	\$ 298.5
<i>Adjusted EBITA Margin on Net Revenue %</i>			9.4%	8.0%

⁽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 June 30, 2018			
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Adjusted Results
Operating Income and EBITA	\$ 249.2	\$ (5.2)		\$ 254.4
Total (Expenses) and Other Income	(37.7)		\$ (19.8)	(17.9)
Income Before Income Taxes	211.5	(5.2)	(19.8)	236.5
Provision for Income Taxes	63.6	0.2		63.8
Equity in Net Loss of Unconsolidated Affiliates	(0.1)			(0.1)
Net Income Attributable to Noncontrolling Interests	(2.0)			(2.0)
Net Income Available to IPG Common Stockholders	\$ 145.8	\$ (5.0)	\$ (19.8)	\$ 170.6
Weighted-Average Number of Common Shares Outstanding - Basic	383.6			383.6
Dilutive effect of stock options and restricted shares	5.9			5.9
Weighted-Average Number of Common Shares Outstanding - Diluted	389.5			389.5
Earnings Per Share Available to IPG Common Stockholders:				
Basic	\$ 0.38	\$ (0.01)	\$ (0.05)	\$ 0.44
Diluted	\$ 0.37	\$ (0.01)	\$ (0.05)	\$ 0.44

⁽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)

	Six Months Ended June 30, 2018			
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Adjusted Results
Operating Income and EBITA	\$ 288.0	\$ (10.5)		\$ 298.5
Total (Expenses) and Other Income	(78.0)		\$ (44.2)	(33.8)
Income Before Income Taxes	210.0	(10.5)	(44.2)	264.7
Provision for Income Taxes	76.3	0.4	0.4	77.1
Equity in Net Loss of Unconsolidated Affiliates	(2.0)			(2.0)
Net Income Attributable to Noncontrolling Interests	0.0			0.0
Net Income Available to IPG Common Stockholders	\$ 131.7	\$ (10.1)	\$ (43.8)	\$ 185.6
Weighted-Average Number of Common Shares Outstanding - Basic	383.5			383.5
Dilutive effect of stock options and restricted shares	5.4			5.4
Weighted-Average Number of Common Shares Outstanding - Diluted	388.9			388.9
Earnings Per Share Available to IPG Common Stockholders:				
Basic	\$ 0.34	\$ (0.03)	\$ (0.11)	\$ 0.48
Diluted	\$ 0.34	\$ (0.03)	\$ (0.11)	\$ 0.48

⁽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.





Interpublic Group

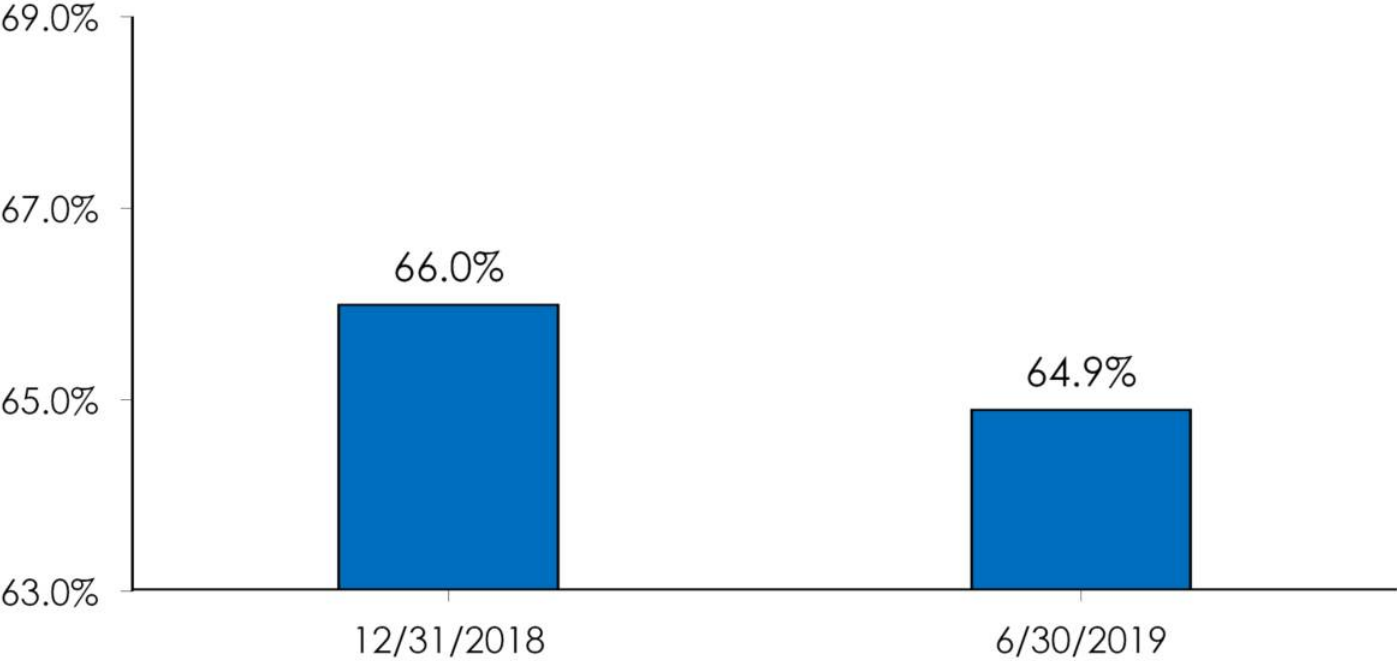
Metrics Update

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

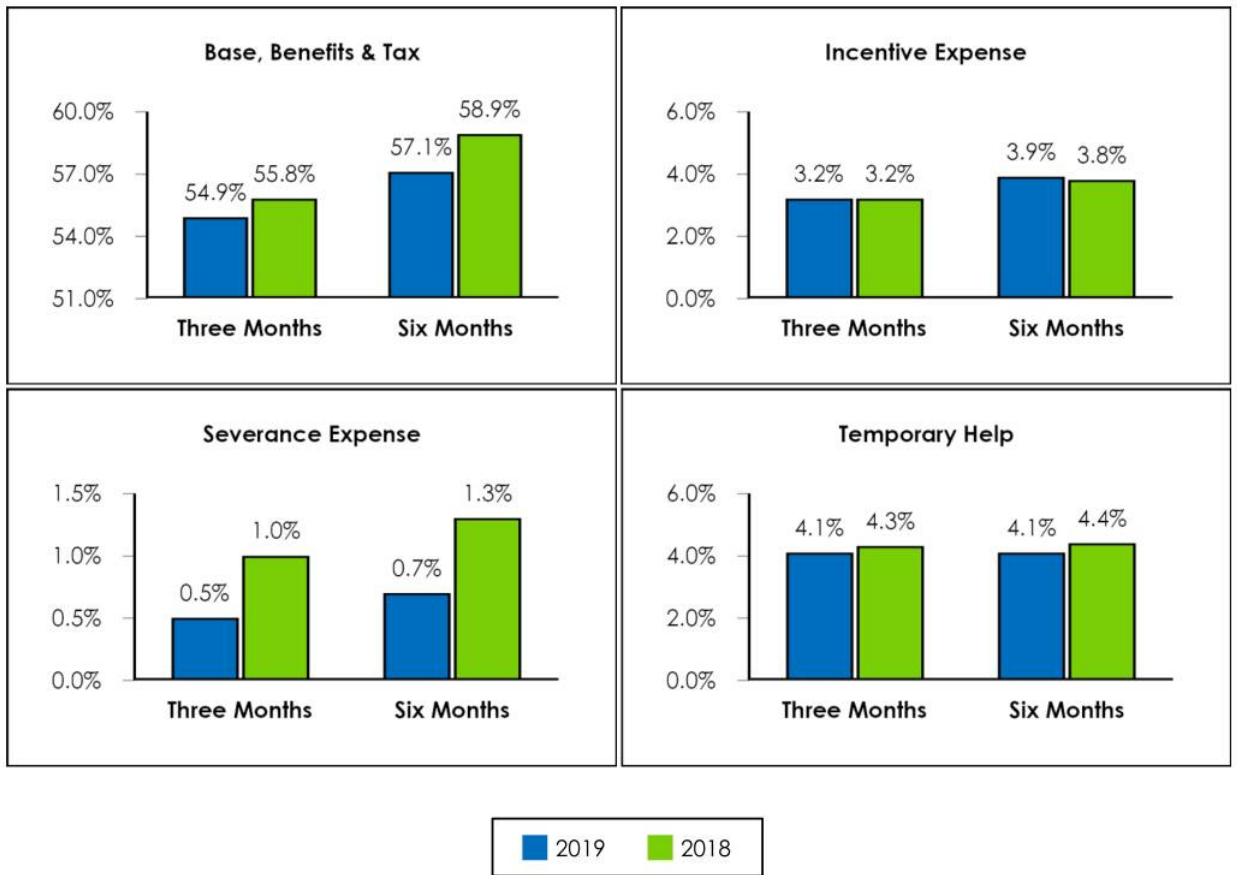
Salaries & Related Expenses

% of Net Revenue, Trailing Twelve Months



Salaries & Related Expenses (% of Net Revenue)

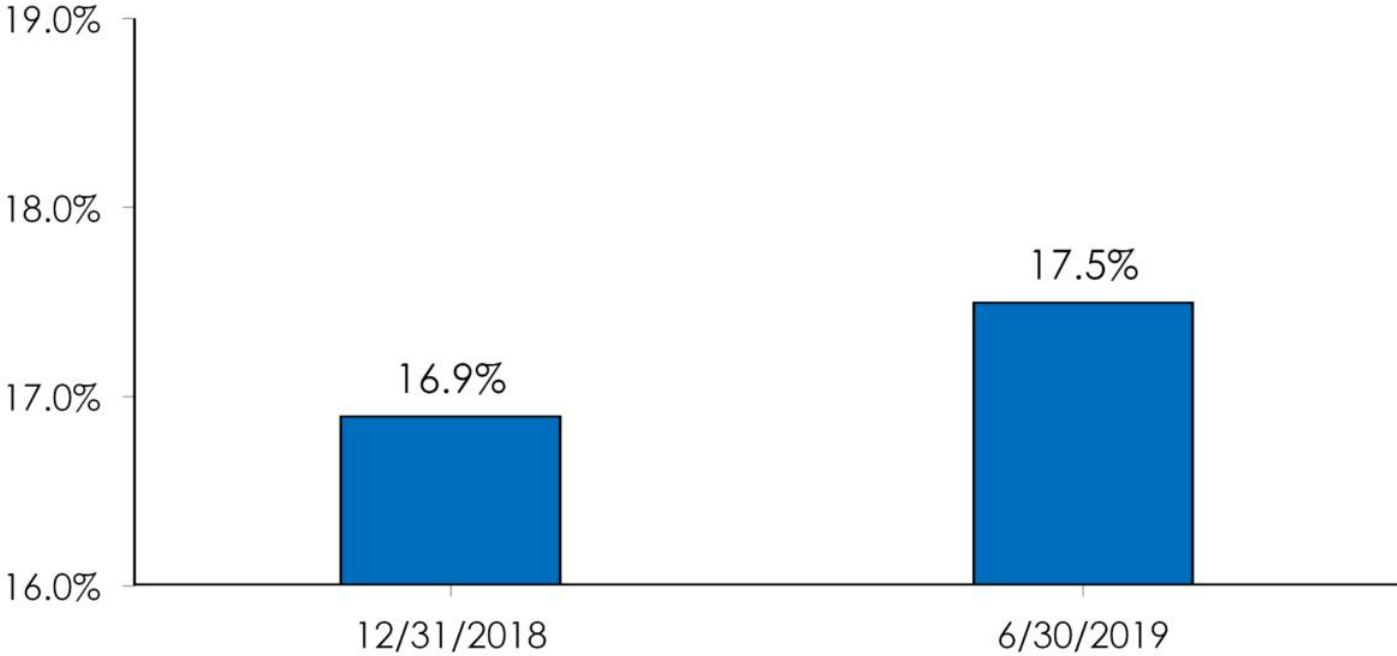
Three and Six Months Ended June 30



"All Other Salaries & Related," not shown, was 2.3% and 2.1% for the three months ended June 30, 2019 and 2018, respectively, and 2.0% and 2.1% for the six months ended June 30, 2019 and 2018, respectively.

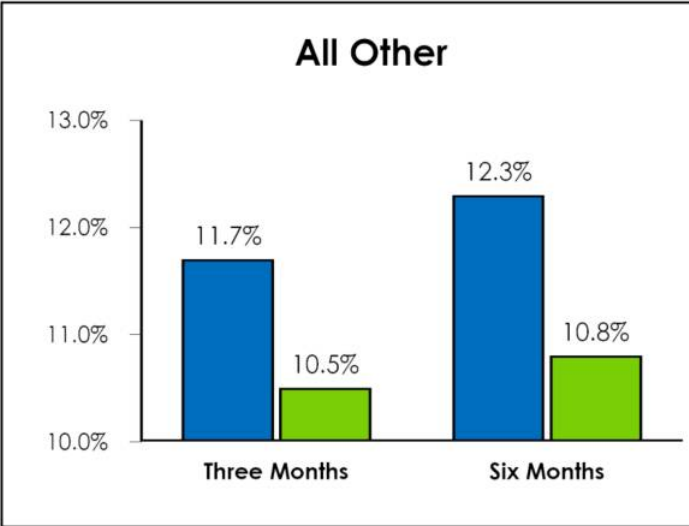
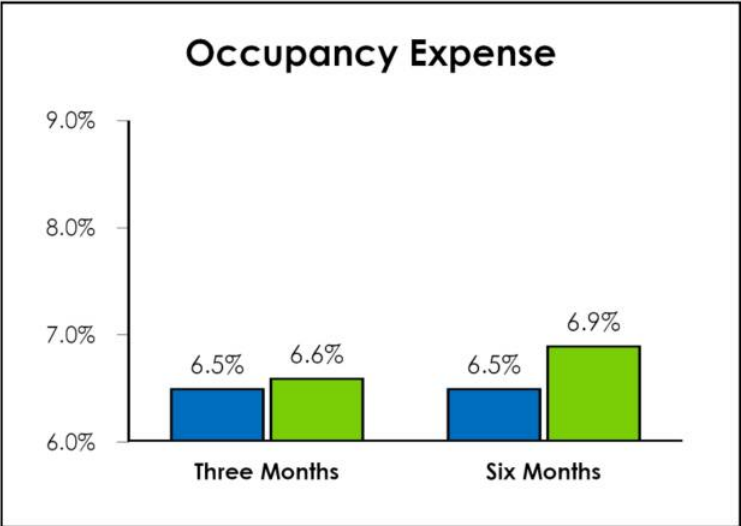
Office & Other Direct Expenses

% of Net Revenue, Trailing Twelve Months



Office & Other Direct Expenses (% of Net Revenue)

Three and Six Months Ended June 30

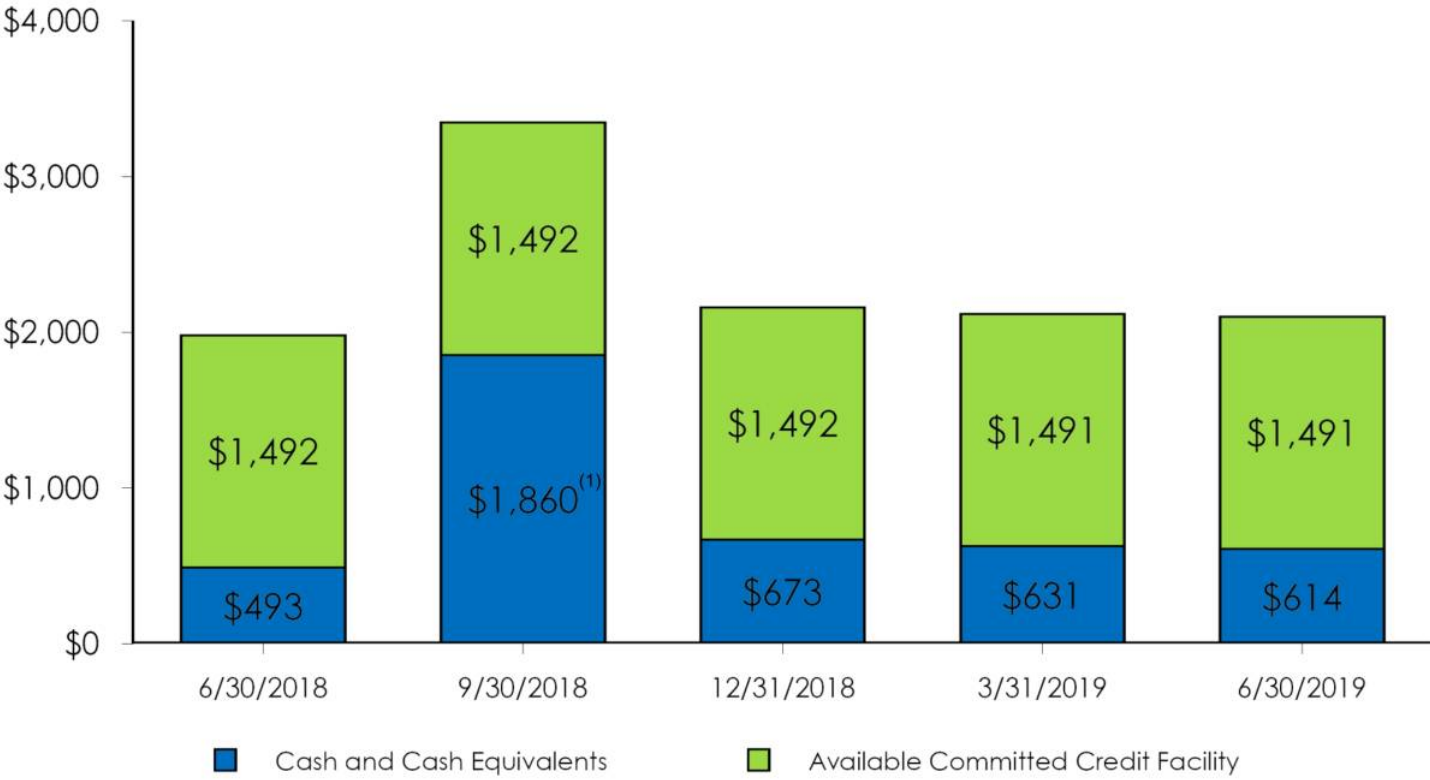


“All Other” primarily includes client service costs, non-pass through production expenses, travel and entertainment, professional fees, spending to support new business activity, telecommunications, office supplies, bad debt expense, adjustments to contingent acquisition obligations, foreign currency 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 June 30, 2019
I. Interest Coverage Ratio (not less than):	5.00x
Actual Interest Coverage Ratio:	8.20x
II. Leverage Ratio (not greater than):	4.00x
Actual Leverage Ratio:	2.66x
<u>Interest Expense Reconciliation</u> ⁽¹⁾	
Interest Expense:	\$201.7
- Interest Income	28.6
- Other	0.3
Net Interest Expense:	\$172.8
<u>EBITDA Reconciliation</u> ⁽¹⁾	
Operating Income:	\$1,066.5
+ Depreciation and Amortization	350.6
EBITDA:	\$1,417.1

⁽¹⁾ Calculated as defined in the Credit Facility and Term Loan agreements. As permitted, we have reflected the Axiom Acquisition and the issuance of Senior Notes and the Term Loan on a pro forma basis as if the transactions had occurred as of the first day of the four quarters ended June 30, 2019. The unaudited pro forma financial information used is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the period.

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.

