



FIRST QUARTER 2019
EARNINGS CONFERENCE CALL

Interpublic Group

April 26, 2019

Overview - First Quarter 2019

- Net revenue growth was 13.0%, and organic growth of net revenue was 6.4%
 - U.S. organic growth was 5.7%
 - International organic growth was 7.7%
- Operating income was \$50.2 million, and adjusted EBITA was \$103.6 million this year compared with \$44.1 million a year ago
- Adjusted EBITA margin was 5.2% compared with 2.5% a year ago
- Diluted EPS was \$(0.02), and was \$0.11 as adjusted compared with \$0.04 a year ago

"Organic growth" refers exclusively to the organic change of net revenue. Adjusted EBITA is operating income adjusted for amortization of acquired intangibles and restructuring charges. Adjusted diluted EPS is adjusted for amortization of acquired intangibles, restructuring charges, and sales of businesses. See reconciliation of organic net revenue change on page 14 and adjusted non-GAAP reconciliations on pages 15-17.

Operating Performance

(Amounts in Millions,
except per share amounts)

	Three Months Ended March 31,	
	2019	2018
<i>Net Revenue</i>	\$ 2,004.8	\$ 1,774.0
Billable Expenses	356.4	395.1
<i>Total Revenue</i>	2,361.2	2,169.1
Salaries and Related Expenses	1,421.1	1,330.3
Office and Other Direct Expenses	389.2	323.8
Billable Expenses	356.4	395.1
Cost of Services	2,166.7	2,049.2
Selling, General and Administrative Expenses	41.4	35.1
Depreciation and Amortization	71.1	46.0
Restructuring Charges	31.8	0.0
<i>Operating Income</i>	50.2	38.8
Interest Expense, net	(42.0)	(15.9)
Other Expense, net	(6.9)	(24.4)
<i>Income (Loss) Before Income Taxes</i>	1.3	(1.5)
Provision for Income Taxes	10.5	12.7
Equity in Net Loss of Unconsolidated Affiliates	(0.3)	(1.9)
<i>Net Loss</i>	(9.5)	(16.1)
Net Loss Attributable to Noncontrolling Interests	1.5	2.0
<i>Net Loss Available to IPG Common Stockholders</i>	\$ (8.0)	\$ (14.1)
Loss per Share Available to IPG Common Stockholders - Basic	\$ (0.02)	\$ (0.04)
Loss per Share Available to IPG Common Stockholders - Diluted	\$ (0.02)	\$ (0.04)
Weighted-Average Number of Common Shares Outstanding - Basic	384.5	383.4
Weighted-Average Number of Common Shares Outstanding - Diluted	384.5	383.4
Dividends Declared per Common Share	\$ 0.235	\$ 0.210

Net Revenue

(\$ in Millions)

	Three Months Ended	
	\$	% Change
March 31, 2018	\$ 1,774.0	
Total change	230.8	13.0%
Foreign currency	(49.4)	(2.8%)
Net acquisitions/(divestitures)	165.8	9.4%
Organic	114.4	6.4%
March 31, 2019	\$ 2,004.8	

	Three Months Ended March 31,			
			Change	
	2019	2018	Organic	Total
IAN	\$ 1,711.2	\$ 1,481.3	7.4%	15.5%
CMG	\$ 293.6	\$ 292.7	1.9%	0.3%



Geographic Net Revenue Change

	Three months ended March 31, 2019	
	Organic	Total
United States	5.7%	20.3%
International	7.7%	1.3%
United Kingdom	5.7%	4.2%
Continental Europe	7.6%	(1.2%)
Asia Pacific	4.5%	(0.4%)
Latin America	23.8%	8.7%
All Other Markets	5.2%	(1.4%)
Worldwide	6.4%	13.0%

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



Operating Expenses

(\$ in Millions)

	Three Months Ended March 31,		
	2019	2018	% Increase
Salaries & Related <i>% of Net Revenue</i>	\$ 1,421.1 70.9%	\$ 1,330.3 75.0%	6.8%
Office & Other Direct <i>% of Net Revenue</i>	389.2 19.4%	323.8 18.3%	20.2%
Selling, General & Administrative <i>% of Net Revenue</i>	41.4 2.1%	35.1 2.0%	17.9%
Depreciation ⁽¹⁾ <i>% of Net Revenue</i>	49.5 2.5%	40.7 2.3%	21.6%
Amortization of Acquired Intangibles ⁽¹⁾ <i>% of Net Revenue</i>	21.6 1.1%	5.3 0.3%	307.5%
Restructuring <i>% of Net Revenue</i>	31.8 1.6%	0.0 N/A	N/A



Adjusted Diluted Earnings Per Share

(Amounts in Millions,
except per share amounts)

	Three Months Ended March 31, 2019				
	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses	Adjusted Results
Operating Income and Adjusted EBITA	\$ 50.2	\$ (21.6)	\$ (31.8)		\$ 103.6
Total (Expenses) and Other Income	(48.9)			\$ (8.6)	(40.3)
Income Before Income Taxes	1.3	(21.6)	(31.8)	(8.6)	63.3
Provision for Income Taxes	10.5	4.2	7.6	0.0	22.3
Equity in Net Loss of Unconsolidated Affiliates	(0.3)				(0.3)
Net Loss Attributable to Noncontrolling Interests	1.5				1.5
Diluted EPS Components:					
Net (Loss) Income Available to IPG Common Stockholders	\$ (8.0)	\$ (17.4)	\$ (24.2)	\$ (8.6)	\$ 42.2
Weighted-Average Number of Common Shares Outstanding	384.5				388.9
(Loss) Earnings per Share Available to IPG Common Stockholders:	\$ (0.02)	\$ (0.05)	\$ (0.06)	\$ (0.02)	\$ 0.11



Cash Flow

(\$ in Millions)

	Three Months Ended March 31,	
	2019	2018
NET LOSS	\$ (9.5)	\$ (16.1)
OPERATING ACTIVITIES		
Depreciation & amortization	101.6	77.4
Deferred taxes	(31.0)	(20.8)
Net losses on sales of businesses	8.6	24.4
Other non-cash items	16.5	8.9
Change in working capital, net	(165.8)	(775.0)
Operating lease right-of-use assets	70.0	0.0
Non-current operating lease liabilities	(62.4)	0.0
Change in other non-current assets & liabilities	(21.5)	(28.7)
Net cash used in Operating Activities	(93.5)	(729.9)
INVESTING ACTIVITIES		
Capital expenditures	(32.8)	(22.8)
Acquisitions, net of cash acquired	0.0	(0.2)
Other investing activities	2.1	(0.1)
Net cash used in Investing Activities	(30.7)	(23.1)
FINANCING ACTIVITIES		
Net increase in short-term borrowings	201.0	718.8
Exercise of stock options	0.6	6.9
Repurchases of common stock	0.0	(54.9)
Common stock dividends	(90.6)	(80.8)
Tax payments for employee shares withheld	(21.2)	(26.3)
Distributions to noncontrolling interests	(2.5)	(3.9)
Other financing activities	(0.6)	(1.6)
Net cash provided by Financing Activities	86.7	558.2
Currency effect	(6.4)	(2.9)
Net decrease in cash, cash equivalents and restricted cash	\$ (43.9)	\$ (197.7)

Balance Sheet – Current Portion

(\$ in Millions)

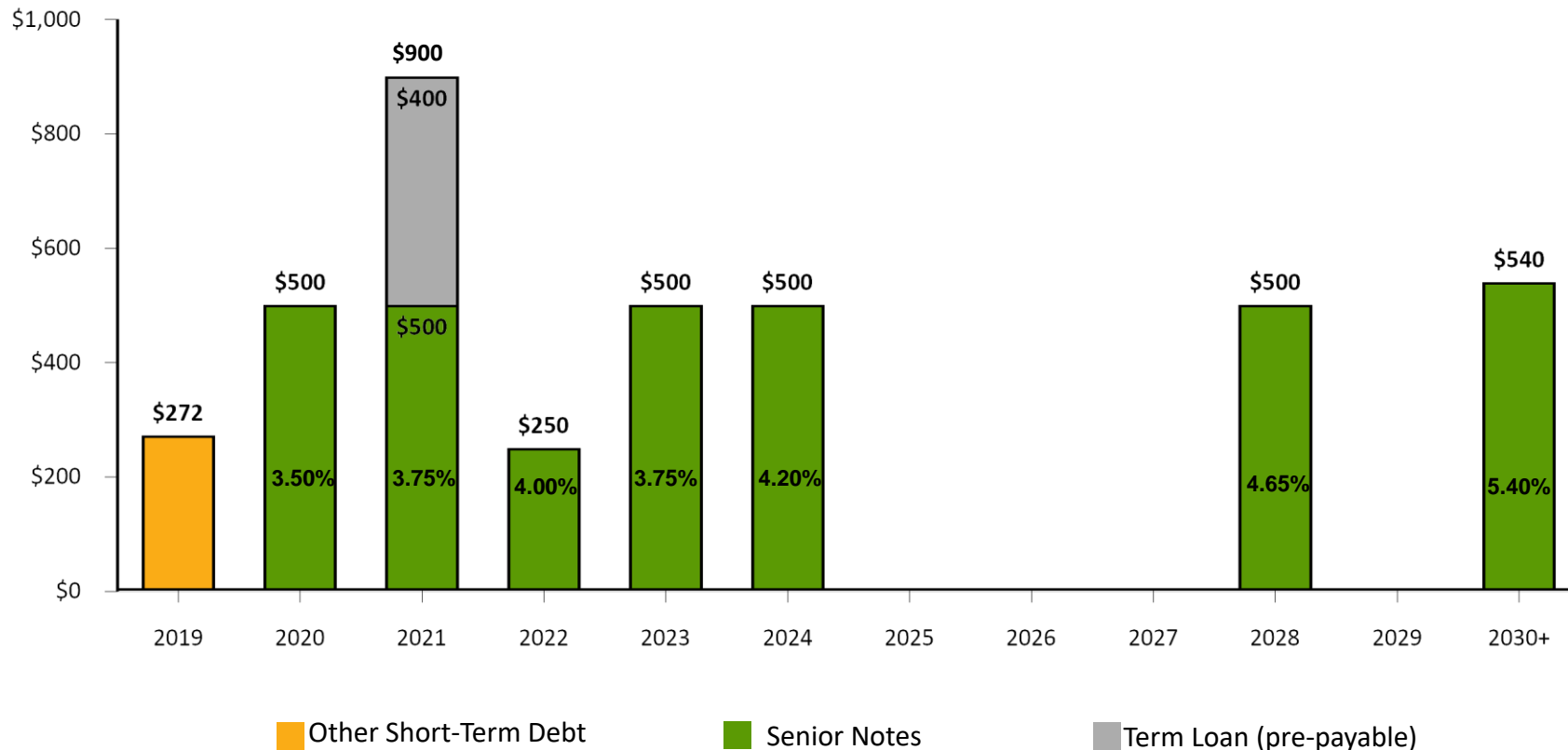
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 630.5	\$ 673.4	\$ 597.3
Accounts receivable, net	4,027.5	5,126.6	3,942.5
Accounts receivable, billable to clients	2,077.4	1,900.6	1,981.1
Assets held for sale	19.7	5.7	12.0
Other current assets	491.9	476.6	430.6
Total current assets	\$ 7,247.0	\$ 8,182.9	\$ 6,963.5
CURRENT LIABILITIES:			
Accounts payable	\$ 5,733.7	\$ 6,698.1	\$ 5,467.1
Accrued liabilities	663.6	806.9	528.1
Contract liabilities	575.9	533.9	507.5
Short-term borrowings	272.4	73.7	799.4
Current portion of long-term debt	0.1	0.1	2.1
Liabilities held for sale	22.4	11.2	18.3
Current portion of operating leases ⁽¹⁾	263.0	0.0	0.0
Total current liabilities	\$ 7,531.1	\$ 8,123.9	\$ 7,322.5



Debt Maturity Schedule

(\$ in Millions)

Total Debt = \$3.9 billion



Senior Notes shown at face value on March 31, 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

Depreciation and Amortization

(\$ in Millions)

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

	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



Reconciliation of Organic Net Revenue

(\$ in Millions)

Segment	Three Months Ended March 31, 2018	Components of Change			Three Months Ended March 31, 2019	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
IAN	\$ 1,481.3	\$ (43.1)	\$ 164.1	\$ 108.9	\$ 1,711.2	7.4%	15.5%
CMG	292.7	(6.3)	1.7	5.5	293.6	1.9%	0.3%
Total	\$ 1,774.0	\$ (49.4)	\$ 165.8	\$ 114.4	\$ 2,004.8	6.4%	13.0%
Geographic							
United States	\$ 1,092.3	\$ 0.0	\$ 160.0	\$ 61.8	\$ 1,314.1	5.7%	20.3%
International	681.7	(49.4)	5.8	52.6	690.7	7.7%	1.3%
United Kingdom	163.5	(10.5)	7.9	9.4	170.3	5.7%	4.2%
Continental Europe	158.7	(12.7)	(1.2)	12.0	156.8	7.6%	(1.2%)
Asia Pacific	178.8	(9.8)	1.0	8.0	178.0	4.5%	(0.4%)
Latin America	73.9	(10.8)	(0.4)	17.6	80.3	23.8%	8.7%
All Other Markets	106.8	(5.6)	(1.5)	5.6	105.3	5.2%	(1.4%)
Worldwide	\$ 1,774.0	\$ (49.4)	\$ 165.8	\$ 114.4	\$ 2,004.8	6.4%	13.0%

Reconciliation of Adjusted Results ⁽¹⁾

(Amounts in Millions,
except per share amounts)

	Three Months Ended March 31, 2019				
	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses	Adjusted Results
Operating Income and Adjusted EBITA	\$ 50.2	\$ (21.6)	\$ (31.8)		\$ 103.6
Total (Expenses) and Other Income	(48.9)			\$ (8.6)	(40.3)
Income Before Income Taxes	1.3	(21.6)	(31.8)	(8.6)	63.3
Provision for Income Taxes	10.5	4.2	7.6	0.0	22.3
Equity in Net Loss of Unconsolidated Affiliates	(0.3)				(0.3)
Net Loss Attributable to Noncontrolling Interests	1.5				1.5
Net (Loss) Income Available to IPG Common Stockholders	\$ (8.0)	\$ (17.4)	\$ (24.2)	\$ (8.6)	\$ 42.2
Weighted-Average Number of Common Shares Outstanding - Basic	384.5				384.5
Dilutive effect of stock options and restricted shares	N/A				4.4
Weighted-Average Number of Common Shares Outstanding - Diluted	384.5				388.9
(Loss) Earnings per Share Available to IPG Common Stockholders:					
Basic	\$ (0.02)	\$ (0.05)	\$ (0.06)	\$ (0.02)	\$ 0.11
Diluted	\$ (0.02)	\$ (0.05)	\$ (0.06)	\$ (0.02)	\$ 0.11

⁽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 March 31, 2018			
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Adjusted Results
Operating Income and Adjusted EBITA	\$ 38.8	\$ (5.3)		\$ 44.1
Total (Expenses) and Other Income	(40.3)		\$ (24.4)	(15.9)
(Loss) Income Before Income Taxes	(1.5)	(5.3)	(24.4)	28.2
Provision for Income Taxes	12.7	0.2	0.4	13.3
Equity in Net Loss of Unconsolidated Affiliates	(1.9)			(1.9)
Net Loss Attributable to Noncontrolling Interests	2.0			2.0
Net (Loss) Income Available to IPG Common Stockholders	\$ (14.1)	\$ (5.1)	\$ (24.0)	\$ 15.0
Weighted-Average Number of Common Shares Outstanding - Basic	383.4			383.4
Dilutive effect of stock options and restricted shares	N/A			5.2
Weighted-Average Number of Common Shares Outstanding - Diluted	383.4			388.6
(Loss) Earnings Per Share Available to IPG Common Stockholders:				
Basic	\$ (0.04)	\$ (0.01)	\$ (0.06)	\$ 0.04
Diluted	\$ (0.04)	\$ (0.01)	\$ (0.06)	\$ 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⁾

(Amounts in Millions,
except per share amounts)

	Three Months Ended March 31,	
	2019	2018
Net Revenue	\$ 2,004.8	\$ 1,774.0
EBITA Reconciliation:		
Net Loss Available to IPG Common Stockholders	\$ (8.0)	\$ (14.1)
Add Back:		
Provision for Income Taxes	10.5	12.7
Subtract:		
Total (Expenses) and Other Income	(48.9)	(40.3)
Equity in Net Loss of Unconsolidated Affiliates	(0.3)	(1.9)
Net Loss Attributable to Noncontrolling Interests	1.5	2.0
Operating Income	50.2	38.8
Add Back:		
Amortization of Acquired Intangibles	21.6	5.3
EBITA	71.8	44.1
Restructuring Charges	31.8	0.0
Adjusted EBITA	\$ 103.6	\$ 44.1
<i>Adjusted EBITA Margin on Net Revenue %</i>	5.2%	2.5%

⁽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.



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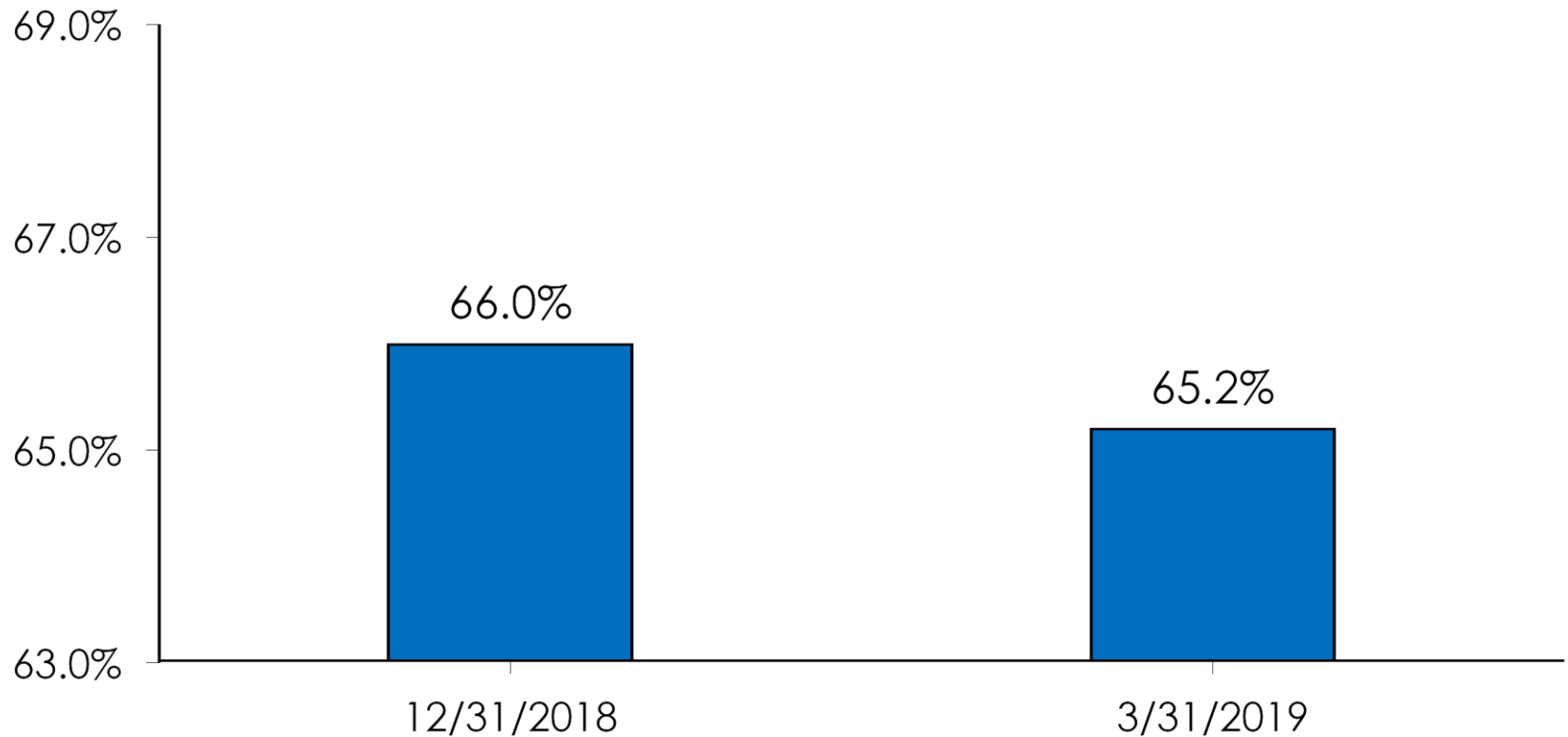
Metrics Update

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

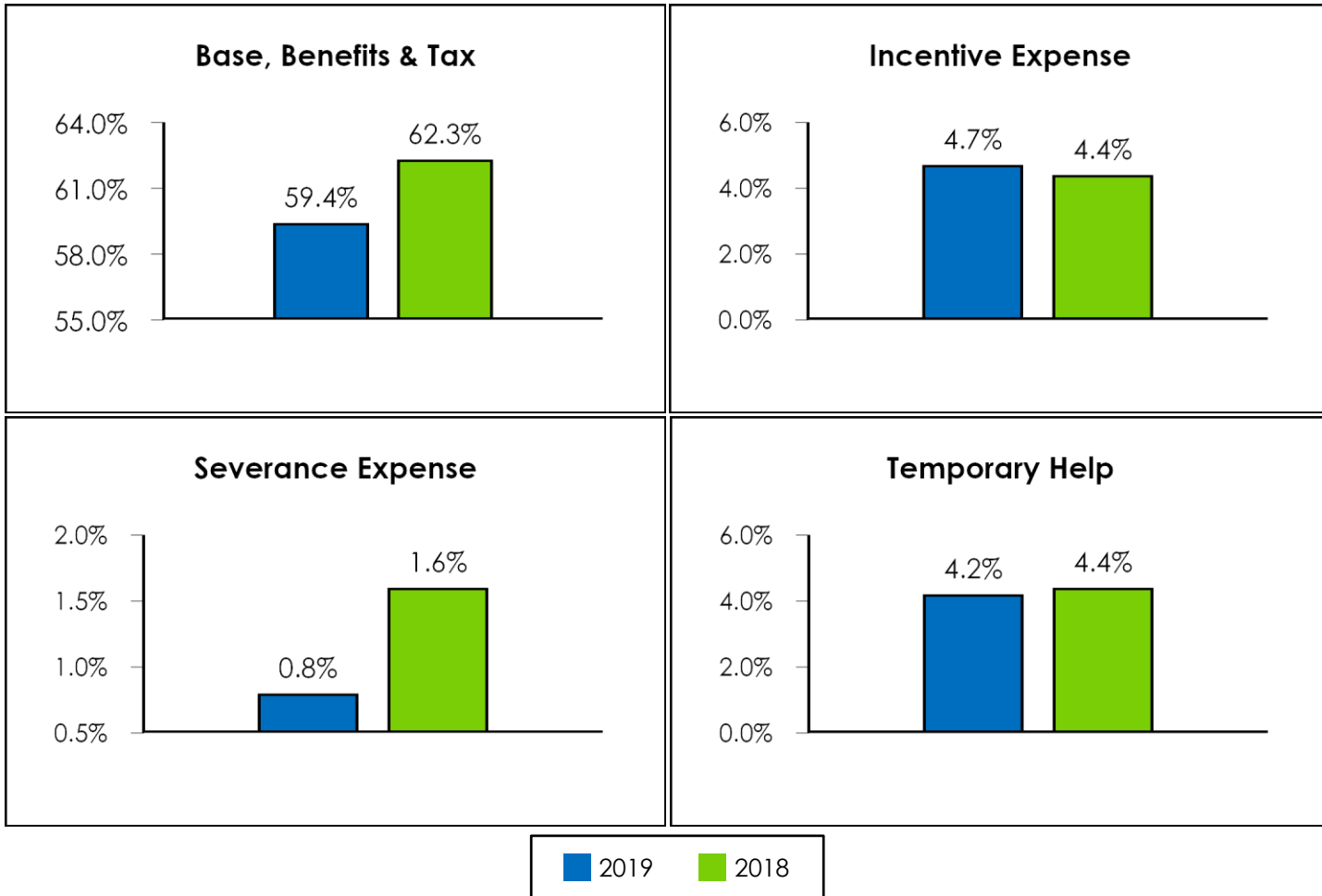
Salaries & Related Expenses

% of Net Revenue, Trailing Twelve Months



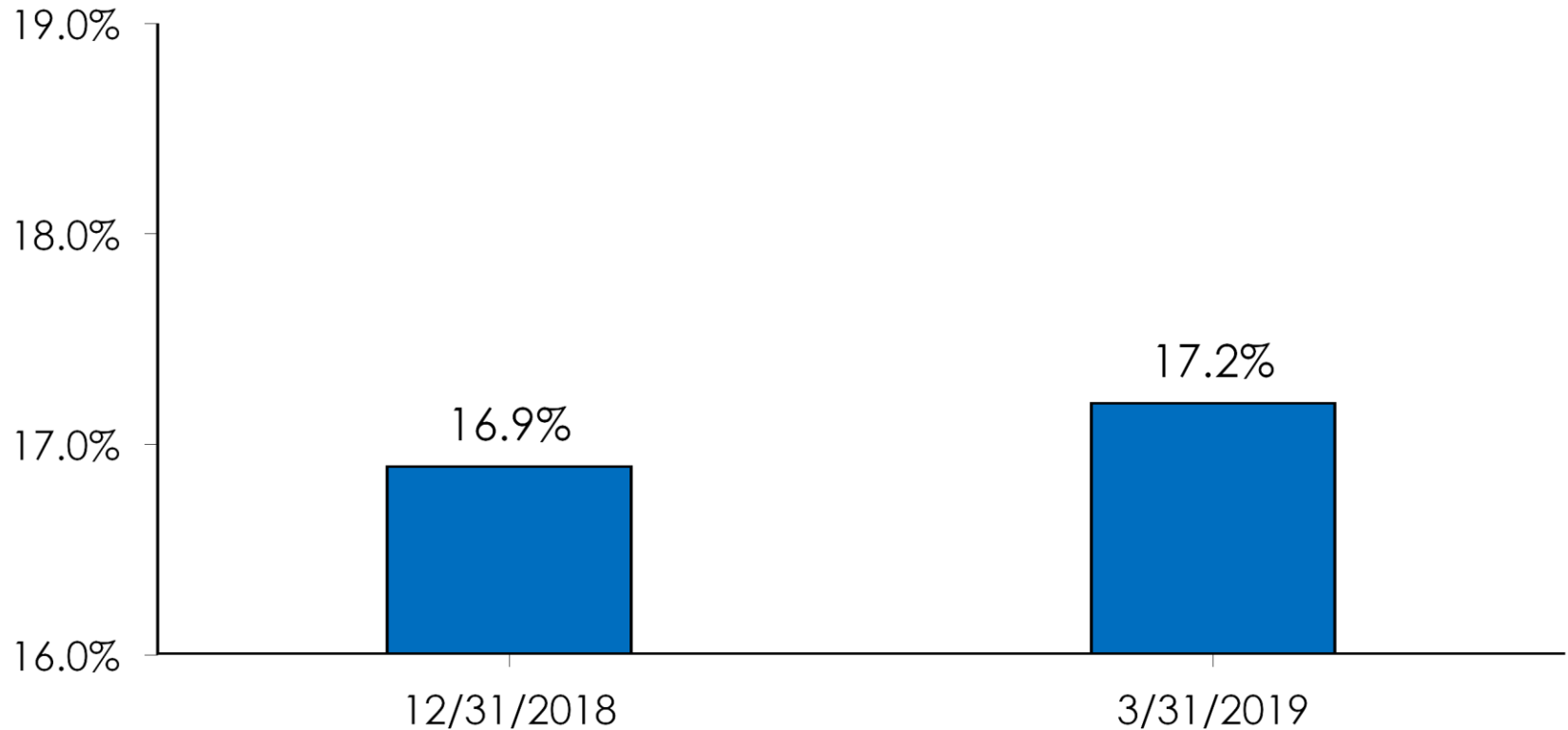
Salaries & Related Expenses (% of Net Revenue)

Three Months Ended March 31



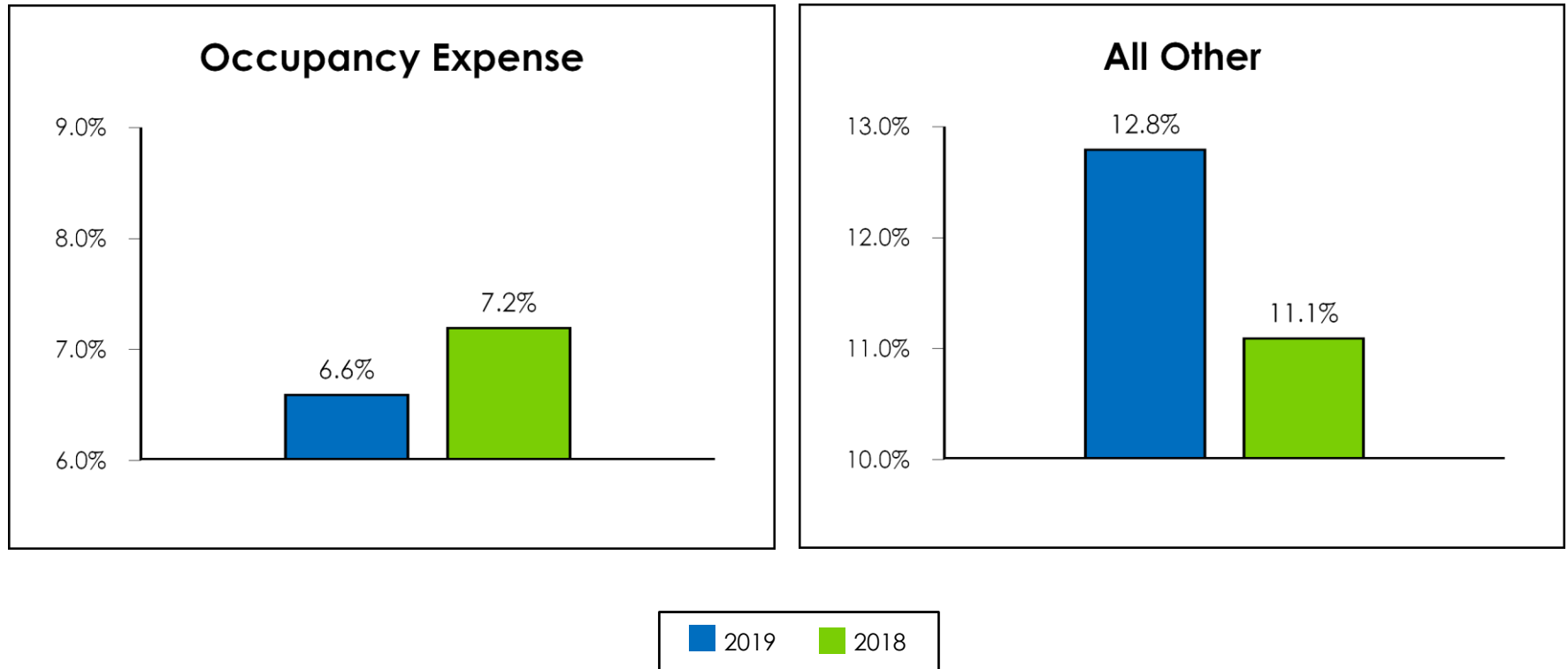
Office & Other Direct Expenses

% of Net Revenue, Trailing Twelve Months



Office & Other Direct Expenses (% of Net Revenue)

Three Months Ended March 31

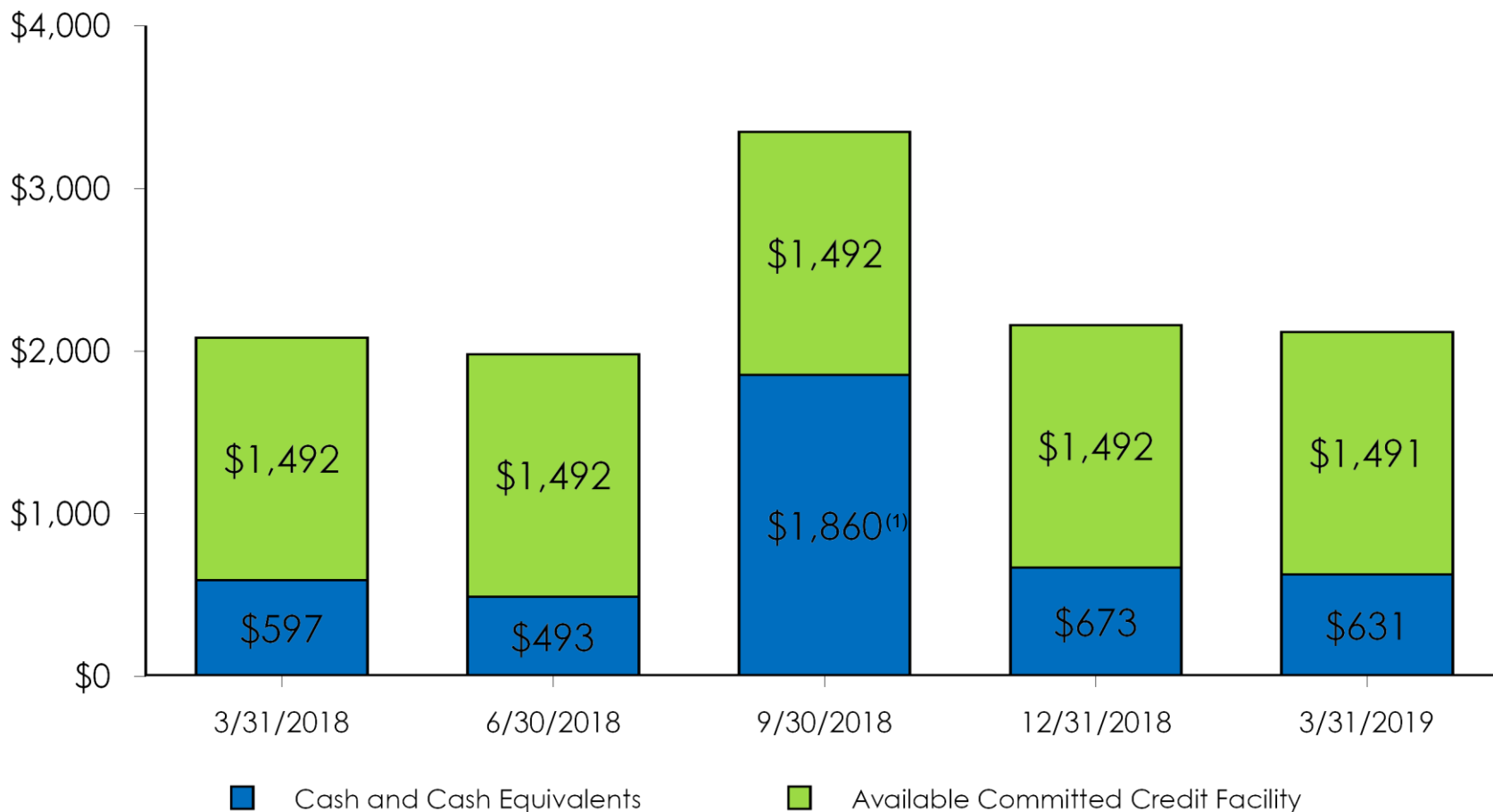


“All Other” primarily includes client service costs, non-pass through production expenses, travel and entertainment, professional fees, spending to support new business activity, telecommunications, office supplies, bad debt expense, adjustments to contingent acquisition obligations, foreign currency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

Available Liquidity

(\$ in Millions)

Cash and Cash Equivalents + Available Committed Credit Facility



Page 24 ⁽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 March 31, 2019
I. Interest Coverage Ratio (not less than):	5.00x
Actual Interest Coverage Ratio:	8.01x
II. Leverage Ratio (not greater than):	4.00x
Actual Leverage Ratio:	2.78x
<u>Interest Expense Reconciliation</u> ⁽¹⁾	Last Twelve Months Ended March 31, 2019
Interest Expense:	\$203.2
- Interest Income	25.6
- Other	0.8
Net Interest Expense:	<u>\$176.8</u>
<u>EBITDA Reconciliation</u> ⁽¹⁾	Last Twelve Months Ended March 31, 2019
Operating Income:	\$1,083.4
+ Depreciation and Amortization	332.8
EBITDA:	<u>\$1,416.2</u>

⁽¹⁾ Calculated as defined in the Credit Facility and Term Loan agreements. As permitted, we have reflected the Acxiom Acquisition and the issuance of Senior Notes and the Term Loan on a pro forma basis as if the transactions had occurred as of the first day of the four quarters ended March 31, 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.