



Interpublic Group

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# **THIRD QUARTER 2016 EARNINGS CONFERENCE CALL**

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October 21, 2016

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# Overview – Third Quarter 2016

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- Total revenue increased 3.0% in Q3 and 3.0% for the 9M YTD
  - Organic growth was 4.3% in Q3 and 4.8% for the 9M YTD
- Operating margin was 10.8% in Q3, an improvement of 50 bps
- Q3 diluted EPS was \$0.32, and was \$0.31 as adjusted for below-the-line items, an increase of 15% from comparable Q3-15
- Repurchased 3.5 million shares in Q3, using \$81 million

# Operating Performance

	Three Months Ended September 30,	
	2016	2015
<i>Revenue</i>	\$ 1,922.2	\$ 1,865.5
Salaries and Related Expenses	1,228.8	1,202.2
Office and General Expenses	486.2	471.4
<i>Operating Income</i>	207.2	191.9
Interest Expense	(21.7)	(21.3)
Interest Income	4.7	5.6
Other Income (Expense), net	6.1	(37.2)
<i>Income Before Income Taxes</i>	196.3	139.0
Provision for Income Taxes	63.8	61.1
Equity in Net Income of Unconsolidated Affiliates	0.2	0.1
<i>Net Income</i>	132.7	78.0
Net Income Attributable to Noncontrolling Interests	(4.1)	(3.1)
<i>Net Income Available to IPG Common Stockholders</i>	\$ 128.6	\$ 74.9

*Earnings per Share Available to IPG Common Stockholders:*

Basic	\$ 0.32	\$ 0.18
Diluted	\$ 0.32	\$ 0.18

*Weighted-Average Number of Common Shares Outstanding:*

Basic	397.7	407.6
Diluted	407.9	415.5

<i>Dividends Declared per Common Share</i>	\$ 0.15	\$ 0.12
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# Revenue

	Three Months Ended		Nine Months Ended	
	\$	% Change	\$	% Change
<b>September 30, 2015</b>	<b>\$ 1,865.5</b>		<b>\$ 5,417.6</b>	
Total change	56.7	3.0%	164.5	3.0%
Foreign currency	(31.0)	(1.7%)	(115.9)	(2.1%)
Net acquisitions/(divestitures)	8.2	0.4%	19.8	0.3%
Organic	79.5	4.3%	260.6	4.8%
<b>September 30, 2016</b>	<b>\$ 1,922.2</b>		<b>\$ 5,582.1</b>	

	Three Months Ended September 30,				Nine Months Ended September 30,			
			Change				Change	
	2016	2015	Total	Organic	2016	2015	Total	Organic
<b>IAN</b>	\$ 1,503.2	\$ 1,484.1	1.3%	3.0%	\$ 4,453.3	\$ 4,351.3	2.3%	4.7%
<b>CMG</b>	\$ 419.0	\$ 381.4	9.9%	9.4%	\$ 1,128.8	\$ 1,066.3	5.9%	5.3%

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

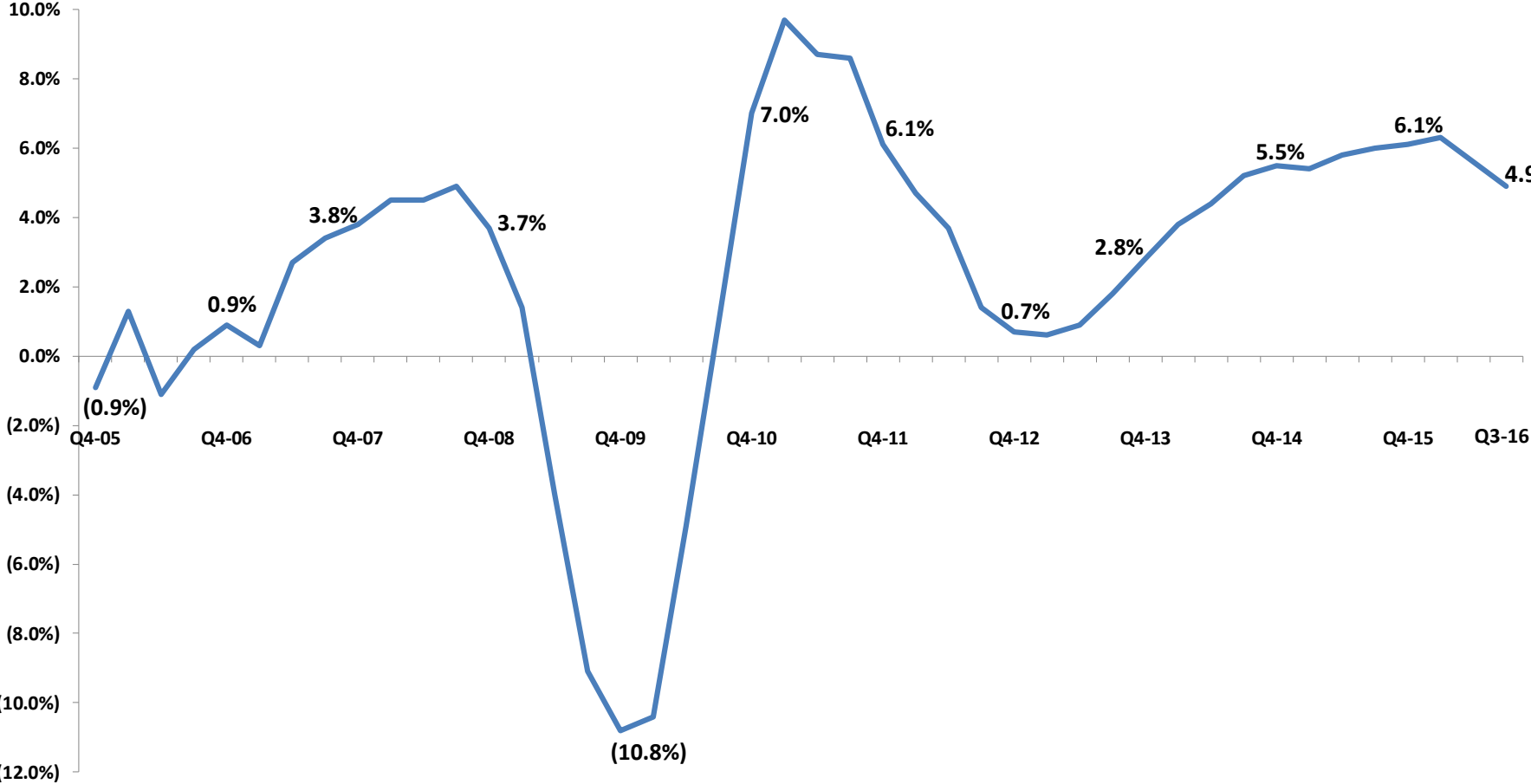
	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2016	
	Total	Organic	Total	Organic
United States	2.4%	1.8%	5.3%	4.8%
International	4.0%	8.1%	(0.3%)	4.9%
United Kingdom	5.2%	16.4%	1.7%	7.1%
Continental Europe	3.7%	8.3%	(1.4%)	3.2%
Asia Pacific	0.5%	(1.4%)	(2.9%)	(0.8%)
Latin America	6.0%	17.8%	(3.8%)	15.4%
All Other Markets	8.1%	5.6%	6.6%	6.7%
<b>Worldwide</b>	<b>3.0%</b>	<b>4.3%</b>	<b>3.0%</b>	<b>4.8%</b>

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



# Organic Revenue Growth

## Trailing Twelve Months



# Operating Expenses

## Salaries & Related

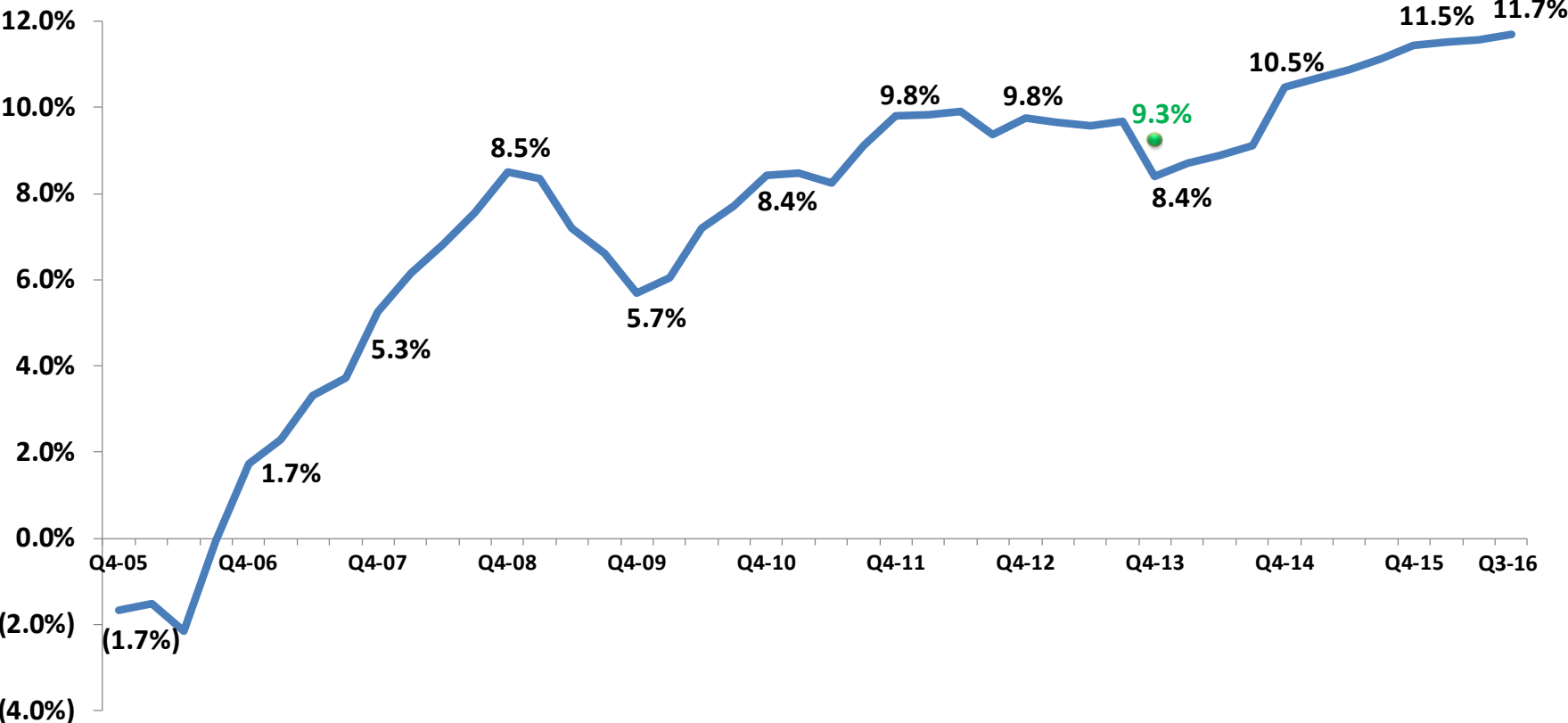
	2016	2015	Change		
			\$	Total	Organic
Three Months Ended September 30, <i>% of Revenue</i>	\$ 1,228.8 63.9%	\$ 1,202.2 64.4%	\$ 26.6	2.2%	3.5%
Three months severance <i>% of Revenue</i>	\$ 13.0 0.7%	\$ 15.0 0.8%	\$ (2.0)	(13.3%)	
Nine Months Ended September 30, <i>% of Revenue</i>	\$ 3,728.7 66.8%	\$ 3,622.6 66.9%	\$ 106.1	2.9%	4.9%
Nine months severance <i>% of Revenue</i>	\$ 56.0 1.0%	\$ 49.2 0.9%	\$ 6.8	13.8%	

## Office & General

	2016	2015	Change		
			\$	Total	Organic
Three Months Ended September 30, <i>% of Revenue</i>	\$ 486.2 25.3%	\$ 471.4 25.3%	\$ 14.8	3.1%	5.6%
Three months occupancy expense (ex-D&A) <i>% of Revenue</i>	\$ 127.0 6.6%	\$ 122.4 6.6%	\$ 4.6	3.8%	
Nine Months Ended September 30, <i>% of Revenue</i>	\$ 1,400.5 25.1%	\$ 1,379.5 25.5%	\$ 21.0	1.5%	4.2%
Nine months occupancy expense (ex-D&A) <i>% of Revenue</i>	\$ 379.0 6.8%	\$ 354.4 6.5%	\$ 24.6	6.9%	

# 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 September 30, 2016			
	As Reported	Gain on Sale of Business <sup>(1)</sup>	Adoption of ASU 2016-09 <sup>(2)</sup>	Adjusted Results
Income Before Income Taxes	\$ 196.3	\$ 3.9		\$ 192.4
Provision for Income Taxes	63.8		\$ 0.3	64.1
<b>Effective Tax Rate</b>	<b>32.5%</b>			<b>33.3%</b>
<b><u>Diluted EPS Components:</u></b>				
Net Income Available to IPG Common Stockholders	\$ 128.6	\$ 3.9	\$ 0.3	\$ 124.4
Weighted-Average Number of Common Shares Outstanding	407.9		1.6	406.3
<b>Earnings Per Share Available to IPG Common Stockholders</b>	<b>\$ 0.32</b>	<b>\$ 0.01</b>	<b>\$ 0.00</b>	<b>\$ 0.31</b>

<sup>(1)</sup> During the three months ended September 30, 2016, we recorded a gain on the sale of a business in our international markets.

<sup>(2)</sup> In 2016 we early adopted Financial Accounting Standards Board Accounting Standards Update 2016-09.

See full reconciliation of adjusted diluted earnings per share on pages 22 and 23.

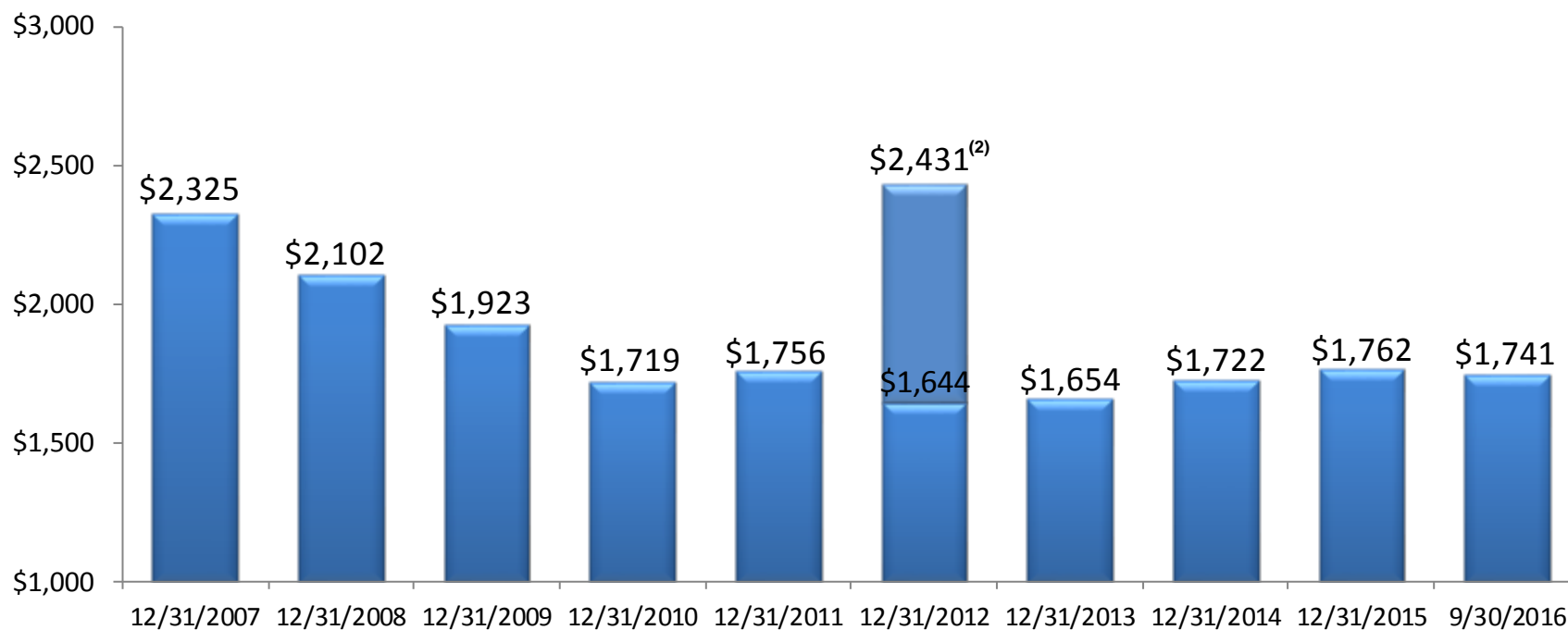
# Balance Sheet – Current Portion

	September 30, 2016	December 31, 2015	September 30, 2015
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 891.6	\$ 1,502.9	\$ 874.3
Marketable securities	3.0	6.8	6.9
Accounts receivable, net	3,714.4	4,361.0	3,848.3
Expenditures billable to clients	1,843.7	1,594.4	1,590.2
Other current assets	280.5	228.0	349.1
<b>Total current assets</b>	<b>\$ 6,733.2</b>	<b>\$ 7,693.1</b>	<b>\$ 6,668.8</b>
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 6,025.9	\$ 6,672.0	\$ 5,753.4
Accrued liabilities	629.0	760.3	688.9
Short-term borrowings	133.0	150.1	128.3
Current portion of long-term debt	24.5	1.9	2.0
<b>Total current liabilities</b>	<b>\$ 6,812.4</b>	<b>\$ 7,584.3</b>	<b>\$ 6,572.6</b>

# Cash Flow

	<b>Three Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>NET INCOME</b>	\$ 133	\$ 78
<b>OPERATING ACTIVITIES</b>		
Depreciation & amortization	61	56
Deferred taxes	6	(34)
Non-cash (gain) loss on sales of businesses	(4)	38
Other non-cash items	7	8
Change in working capital, net	318	155
Change in other non-current assets & liabilities	(1)	(19)
<b>Net cash provided by Operating Activities</b>	<b>520</b>	<b>282</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(51)	(31)
Acquisitions, net of cash acquired	(14)	(6)
Other investing activities	-	(4)
<b>Net cash used in Investing Activities</b>	<b>(65)</b>	<b>(41)</b>
<b>FINANCING ACTIVITIES</b>		
Net decrease in short-term bank borrowings	(83)	(26)
Repurchase of common stock	(81)	(70)
Common stock dividends	(60)	(48)
Acquisition-related payments	(8)	(4)
Distributions to noncontrolling interests	(4)	(5)
Exercise of stock options	-	1
Other financing activities	2	-
<b>Net cash used in Financing Activities</b>	<b>(234)</b>	<b>(152)</b>
Currency Effect	(2)	(63)
<b>Increase in Cash &amp; S/T Marketable Securities</b>	<b>\$ 219</b>	<b>\$ 26</b>

# 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.

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# Summary

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- Solid performance against FY-16 financial 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
  - Effective expense management
- Focus is on continued growth and margin improvement
- Financial strength continues to be a source of value creation



Interpublic Group

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# Appendix

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# Operating Performance

	<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
<i>Revenue</i>	\$ 5,582.1	\$ 5,417.6
Salaries and Related Expenses	3,728.7	3,622.6
Office and General Expenses	1,400.5	1,379.5
<i>Operating Income</i>	452.9	415.5
Interest Expense	(68.8)	(62.5)
Interest Income	16.1	17.8
Other Expense, net	(11.1)	(36.4)
<i>Income Before Income Taxes</i>	389.1	334.4
Provision for Income Taxes	91.9	137.4
Equity in Net (Loss) Income of Unconsolidated Affiliates	(1.6)	0.6
<i>Net Income</i>	295.6	197.6
Net Income Attributable to Noncontrolling Interests	(4.7)	(3.3)
<i>Net Income Available to IPG Common Stockholders</i>	\$ 290.9	\$ 194.3

*Earnings per Share Available to IPG Common Stockholders:*

Basic	\$ 0.73	\$ 0.47
Diluted	\$ 0.71	\$ 0.47

*Weighted-Average Number of Common Shares Outstanding:*

Basic	399.5	409.7
Diluted	408.8	417.0

<i>Dividends Declared per Common Share</i>	\$ 0.45	\$ 0.36
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# Cash Flow

	Nine Months Ended September 30,	
	2016	2015
<b>NET INCOME</b>	\$ 296	\$ 198
<b>OPERATING ACTIVITIES</b>		
Depreciation & amortization	181	170
Deferred taxes	2	(34)
Non-cash loss on sales of businesses	16	38
Other non-cash items	42	26
Change in working capital, net	(500)	(588)
Change in other non-current assets & liabilities	(72)	(48)
<b>Net cash used in Operating Activities</b>	<b>(35)</b>	<b>(238)</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(114)	(81)
Acquisitions, net of cash acquired	(48)	(6)
Other investing activities	(10)	(4)
<b>Net cash used in Investing Activities <sup>(1)</sup></b>	<b>(172)</b>	<b>(91)</b>
<b>FINANCING ACTIVITIES</b>		
Repurchase of common stock	(193)	(172)
Common stock dividends	(180)	(147)
Acquisition-related payments	(37)	(32)
Net (decrease) increase in short-term bank borrowings	(26)	29
Tax payments for employee shares withheld <sup>(2)</sup>	(23)	(17)
Distributions to noncontrolling interests	(11)	(13)
Exercise of stock options	10	12
Excess tax benefit from share-based payment arrangements <sup>(2)</sup>	-	9
Other financing activities	1	2
<b>Net cash used in Financing Activities</b>	<b>(459)</b>	<b>(329)</b>
Currency Effect	51	(128)
<b>Decrease in Cash &amp; S/T Marketable Securities</b>	<b>\$ (615)</b>	<b>\$ (786)</b>

(1) Excludes net purchases, sales and maturities of short-term marketable securities. See reconciliation on page 21.

(2) 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 Q3 2016, as prospective adoption was required.



# Depreciation and Amortization

	2016				
	Q1	Q2	Q3	Q4	YTD 2016
Depreciation and amortization of fixed assets and intangible assets	\$ 38.0	\$ 39.8	\$ 39.7		\$ 117.5
Amortization of restricted stock and other non-cash compensation	23.1	16.8	19.1		59.0
Net amortization of bond discounts and deferred financing costs	1.4	1.4	1.4		4.2
	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 September 30, 2015	Components of Change			Three Months Ended September 30, 2016	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
<b>Segment Revenue</b>							
IAN	\$ 1,484.1	\$ (23.5)	\$ (1.2)	\$ 43.8	\$ 1,503.2	3.0%	1.3%
CMG	381.4	(7.5)	9.4	35.7	419.0	9.4%	9.9%
Total	<u>\$ 1,865.5</u>	<u>\$ (31.0)</u>	<u>\$ 8.2</u>	<u>\$ 79.5</u>	<u>\$ 1,922.2</u>	<u>4.3%</u>	<u>3.0%</u>
<b>Geographic</b>							
United States	\$ 1,138.5	\$ -	\$ 7.1	\$ 20.3	\$ 1,165.9	1.8%	2.4%
International	727.0	(31.0)	1.1	59.2	756.3	8.1%	4.0%
United Kingdom	165.4	(24.9)	6.4	27.1	174.0	16.4%	5.2%
Continental Europe	142.3	(0.1)	(6.4)	11.8	147.6	8.3%	3.7%
Asia Pacific	216.9	2.9	1.1	(3.0)	217.9	(1.4%)	0.5%
Latin America	97.7	(7.1)	(4.4)	17.4	103.6	17.8%	6.0%
All Other Markets	104.7	(1.8)	4.4	5.9	113.2	5.6%	8.1%
Worldwide	<u>\$ 1,865.5</u>	<u>\$ (31.0)</u>	<u>\$ 8.2</u>	<u>\$ 79.5</u>	<u>\$ 1,922.2</u>	<u>4.3%</u>	<u>3.0%</u>
<b>Expenses</b>							
Salaries & Related	\$ 1,202.2	\$ (18.2)	\$ 2.6	\$ 42.2	\$ 1,228.8	3.5%	2.2%
Office & General	471.4	(7.8)	(3.8)	26.4	486.2	5.6%	3.1%
Total	<u>\$ 1,673.6</u>	<u>\$ (26.0)</u>	<u>\$ (1.2)</u>	<u>\$ 68.6</u>	<u>\$ 1,715.0</u>	<u>4.1%</u>	<u>2.5%</u>

# Reconciliation of Organic Measures

	Nine Months Ended September 30, 2015	Components of Change			Nine Months Ended September 30, 2016	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
<b>Segment Revenue</b>							
IAN	\$ 4,351.3	\$ (96.5)	\$ (5.9)	\$ 204.4	\$ 4,453.3	4.7%	2.3%
CMG	1,066.3	(19.4)	25.7	56.2	1,128.8	5.3%	5.9%
Total	<b>\$ 5,417.6</b>	<b>\$ (115.9)</b>	<b>\$ 19.8</b>	<b>\$ 260.6</b>	<b>\$ 5,582.1</b>	<b>4.8%</b>	<b>3.0%</b>
<b>Geographic</b>							
United States	\$ 3,254.4	\$ -	\$ 16.9	\$ 154.9	\$ 3,426.2	4.8%	5.3%
International	2,163.2	(115.9)	2.9	105.7	2,155.9	4.9%	(0.3%)
United Kingdom	487.0	(43.1)	16.7	34.7	495.3	7.1%	1.7%
Continental Europe	474.8	(3.9)	(18.1)	15.3	468.1	3.2%	(1.4%)
Asia Pacific	636.4	(14.9)	1.5	(5.3)	617.7	(0.8%)	(2.9%)
Latin America	265.7	(40.5)	(10.3)	40.8	255.7	15.4%	(3.8%)
All Other Markets	299.3	(13.5)	13.1	20.2	319.1	6.7%	6.6%
Worldwide	<b>\$ 5,417.6</b>	<b>\$ (115.9)</b>	<b>\$ 19.8</b>	<b>\$ 260.6</b>	<b>\$ 5,582.1</b>	<b>4.8%</b>	<b>3.0%</b>
<b>Expenses</b>							
Salaries & Related	\$ 3,622.6	\$ (76.1)	\$ 5.4	\$ 176.8	\$ 3,728.7	4.9%	2.9%
Office & General	1,379.5	(33.0)	(3.3)	57.3	1,400.5	4.2%	1.5%
Total	<b>\$ 5,002.1</b>	<b>\$ (109.1)</b>	<b>\$ 2.1</b>	<b>\$ 234.1</b>	<b>\$ 5,129.2</b>	<b>4.7%</b>	<b>2.5%</b>

# 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
6/30/16	7,600.3	(315.6)	10.8	426.1	7,721.6
9/30/16	7,624.7	(237.5)	16.4	374.7	7,778.3

# Reconciliation of Investing Cash Flow

	Nine Months Ended September 30,	
	2016	2015
<b>INVESTING ACTIVITIES</b>		
Net cash used in Investing Activities per presentation	\$ (172)	\$ (91)
Net purchases, sales and maturities of short-term marketable securities, net	4	-
<b>Net cash used in Investing Activities as reported</b>	<b>\$ (168)</b>	<b>\$ (91)</b>

# Reconciliation Adjusted Results - QTD <sup>(1)</sup>

	Three Months Ended September 30, 2016			
	As Reported	Gain on Sale of Business	Adoption of ASU 2016-09	Adjusted Results
Income Before Income Taxes	\$ 196.3	\$ 3.9		\$ 192.4
Provision for Income Taxes	63.8		\$ 0.3	64.1
<b>Effective Tax Rate</b>	<b>32.5%</b>			<b>33.3%</b>
Equity in Net Income of Unconsolidated Affiliates	0.2			0.2
Net Income Attributable to Noncontrolling Interests	(4.1)			(4.1)
<b>Net Income Available to IPG Common Stockholders - Basic and Diluted</b>	<b>\$ 128.6</b>	<b>\$ 3.9</b>	<b>\$ 0.3</b>	<b>\$ 124.4</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	397.7			397.7
Add: Effect of Dilutive Securities				
Restricted Stock, Stock Options and Other Equity Awards	10.2		1.6	8.6
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>407.9</b>		1.6	<b>406.3</b>
<b>Earnings Per Share Available to IPG Common Stockholders - Basic</b>	\$ 0.32	\$ 0.01	\$ 0.00	\$ 0.31
<b>Earnings Per Share Available to IPG Common Stockholders - Diluted</b>	\$ 0.32	\$ 0.01	\$ 0.00	\$ 0.31

(1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the gain on sale of a business in our international markets and the effect of the adoption of ASU 2016-09. 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 Adjusted Results - YTD <sup>(1)</sup>

	Nine Months Ended September 30, 2016					
	As Reported	Net Losses on Sales of Businesses	Valuation Allowance Reversals	Adoption of ASU 2016-09	Settlement of Certain Tax Positions	Adjusted Results
Income Before Income Taxes	\$ 389.1	\$ (16.1)				\$ 405.2
Provision for Income Taxes	91.9	0.4	\$ 12.2	\$ 10.5	\$ 23.4	138.4
<b>Effective Tax Rate</b>	<b>23.6%</b>					<b>34.2%</b>
Equity in Net Loss of Unconsolidated Affiliates	(1.6)					(1.6)
Net Income Attributable to Noncontrolling Interests	(4.7)					(4.7)
<b>Net Income Available to IPG Common Stockholders - Basic and Diluted</b>	<b>\$ 290.9</b>	<b>\$ (15.7)</b>	<b>\$ 12.2</b>	<b>\$ 10.5</b>	<b>\$ 23.4</b>	<b>\$ 260.5</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	399.5					399.5
Add: Effect of Dilutive Securities						
Restricted Stock, Stock Options and Other Equity Awards	9.3			1.6		7.7
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>408.8</b>			<b>1.6</b>		<b>407.2</b>
<b>Earnings Per Share Available to IPG Common Stockholders - Basic</b>	<b>\$ 0.73</b>	<b>\$ (0.04)</b>	<b>\$ 0.03</b>	<b>\$ 0.03</b>	<b>\$ 0.06</b>	<b>\$ 0.65</b>
<b>Earnings Per Share Available to IPG Common Stockholders - Diluted</b>	<b>\$ 0.71</b>	<b>\$ (0.04)</b>	<b>\$ 0.03</b>	<b>\$ 0.03</b>	<b>\$ 0.06</b>	<b>\$ 0.64</b>

(1) The following table reconciles our reported results to our adjusted non-GAAP results that exclude the net losses on sales of businesses in our international markets, valuation allowance reversals as a result of the disposition of businesses in Continental Europe, the effect of the adoption of ASU 2016-09 and the release of reserves related to the conclusion and settlement of a tax examination of previous tax years. 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 Loss on Sales of Businesses (1)

	Three Months Ended September 30, 2015			Nine Months Ended September 30, 2015		
	As Reported	Loss on Sales of Businesses	Ex - Loss on Sales of Businesses	As Reported	Loss on Sales of Businesses	Ex - Loss on Sales of Businesses
Income Before Income Taxes	\$ 139.0	\$ (38.0)	\$ 177.0	\$ 334.4	\$ (38.0)	\$ 372.4
Provision for Income Taxes	61.1	2.7	63.8	137.4	2.7	140.1
<b>Effective Tax Rate</b>	<b>44.0%</b>		<b>36.0%</b>	<b>41.1%</b>		<b>37.6%</b>
Equity in Net Income of Unconsolidated Affiliates	0.1		0.1	0.6		0.6
Net Income Attributable to Noncontrolling Interests	(3.1)		(3.1)	(3.3)		(3.3)
<b>Net Income Available to IPG Common Stockholders - Basic and Diluted</b>	<b>\$ 74.9</b>	<b>\$ (35.3)</b>	<b>\$ 110.2</b>	<b>\$ 194.3</b>	<b>\$ (35.3)</b>	<b>\$ 229.6</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	407.6		407.6	409.7		409.7
Add: Effect of Dilutive Securities						
Restricted Stock, Stock Options and Other Equity Awards	7.9		7.9	7.3		7.3
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>415.5</b>		<b>415.5</b>	<b>417.0</b>		<b>417.0</b>
<b>Earnings Per Share Available to IPG Common Stockholders - Basic</b>	<b>\$ 0.18</b>	<b>\$ (0.09)</b>	<b>\$ 0.27</b>	<b>\$ 0.47</b>	<b>\$ (0.09)</b>	<b>\$ 0.56</b>
<b>Earnings Per Share Available to IPG Common Stockholders - Diluted</b>	<b>\$ 0.18</b>	<b>\$ (0.09)</b>	<b>\$ 0.27</b>	<b>\$ 0.47</b>	<b>\$ (0.08)</b>	<b>\$ 0.55</b>

(1) During Q3 2015, we recorded losses on sales of businesses in our international markets, primarily in Latin America and Continental Europe. This amount includes losses on completed dispositions and the classification of certain assets as held for sale.





Interpublic Group

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# Metrics Update

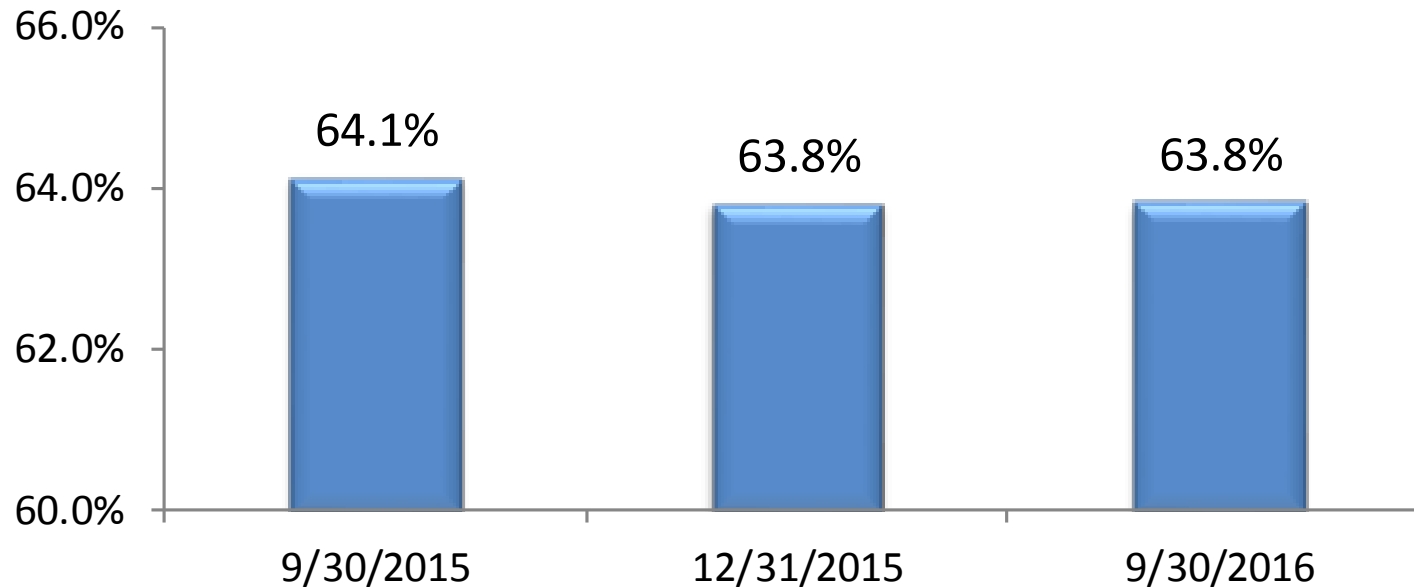
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# Metrics Update

<b>Category</b>	<b>Metric</b>
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

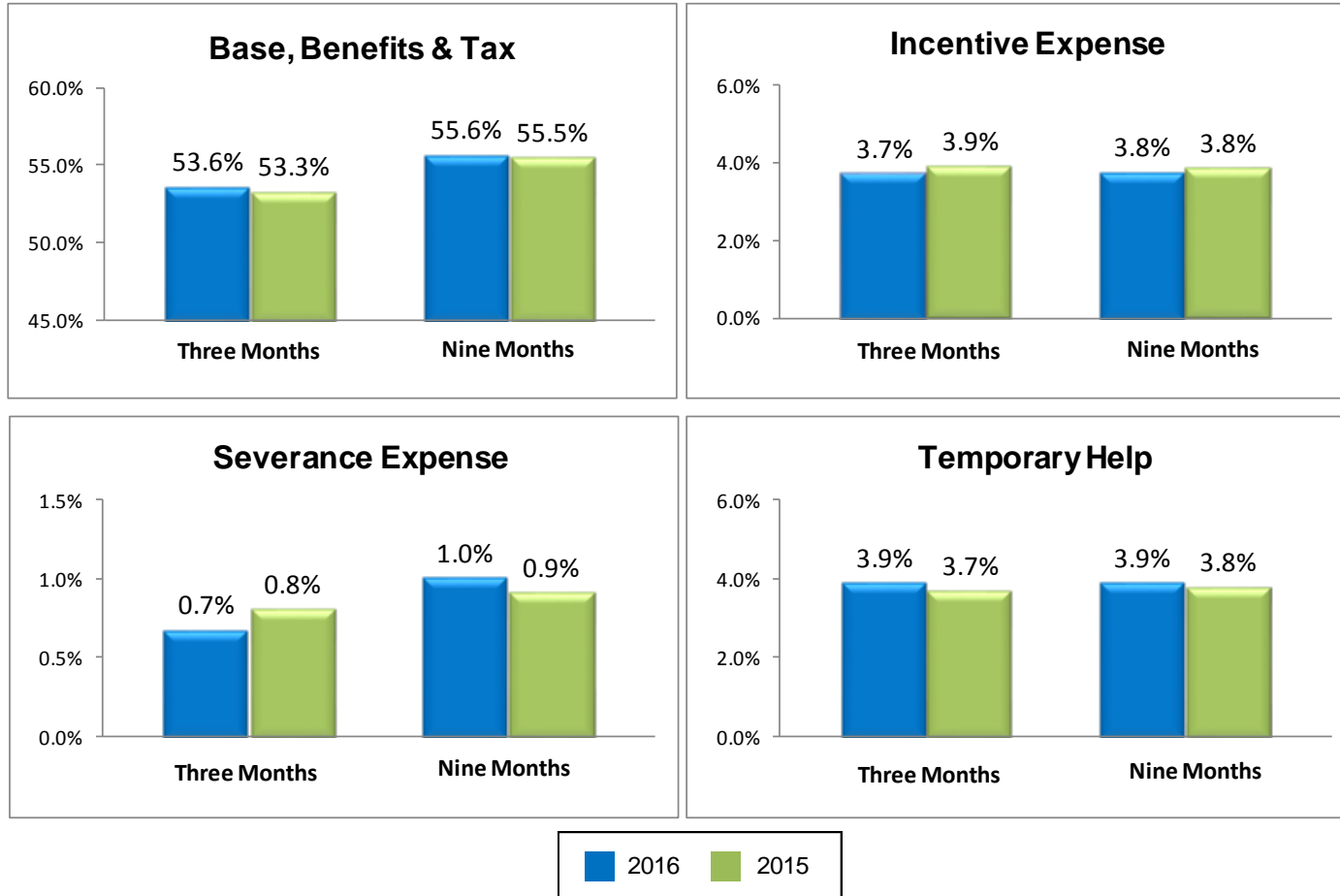
# Salaries & Related Expenses

## % of Revenue, Trailing Twelve Months



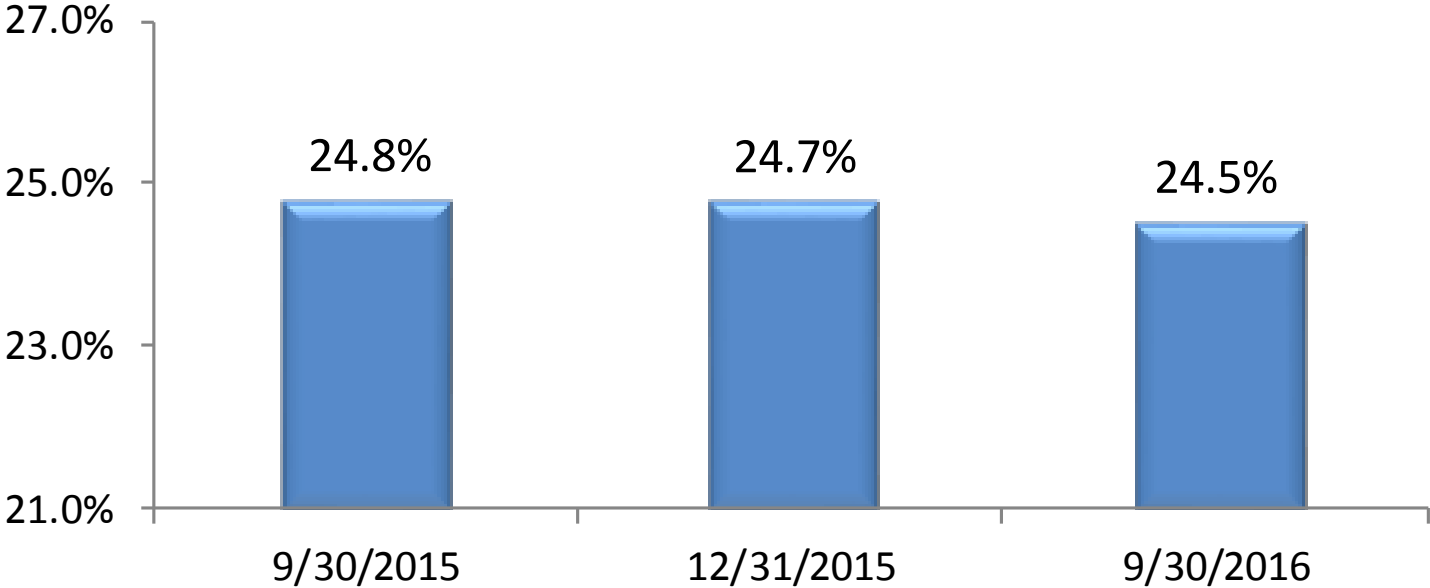
# Salaries & Related Expenses (% of Revenue)

## Three and Nine Months Ended September 30



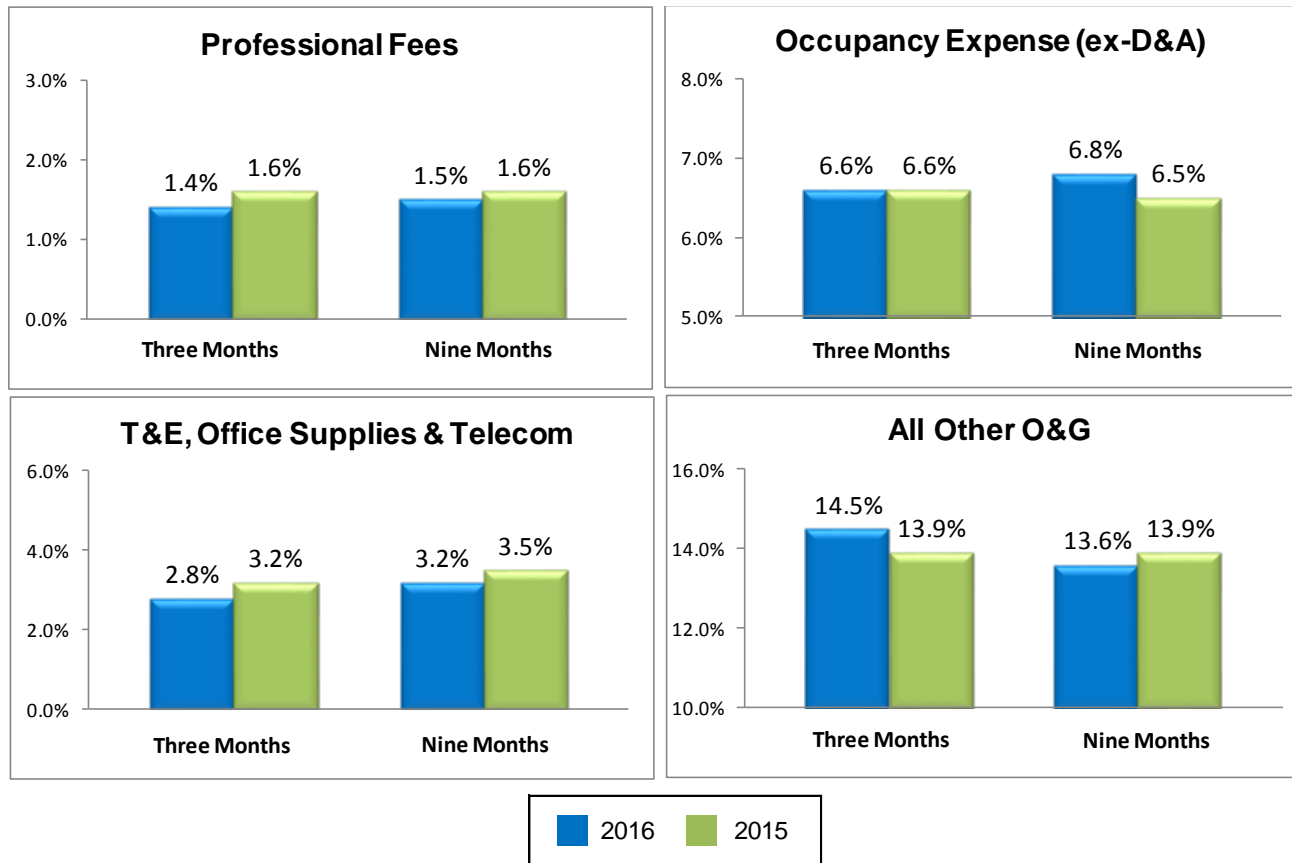
# Office & General Expenses

**% of Revenue, Trailing Twelve Months**



# Office & General Expenses (% of Revenue)

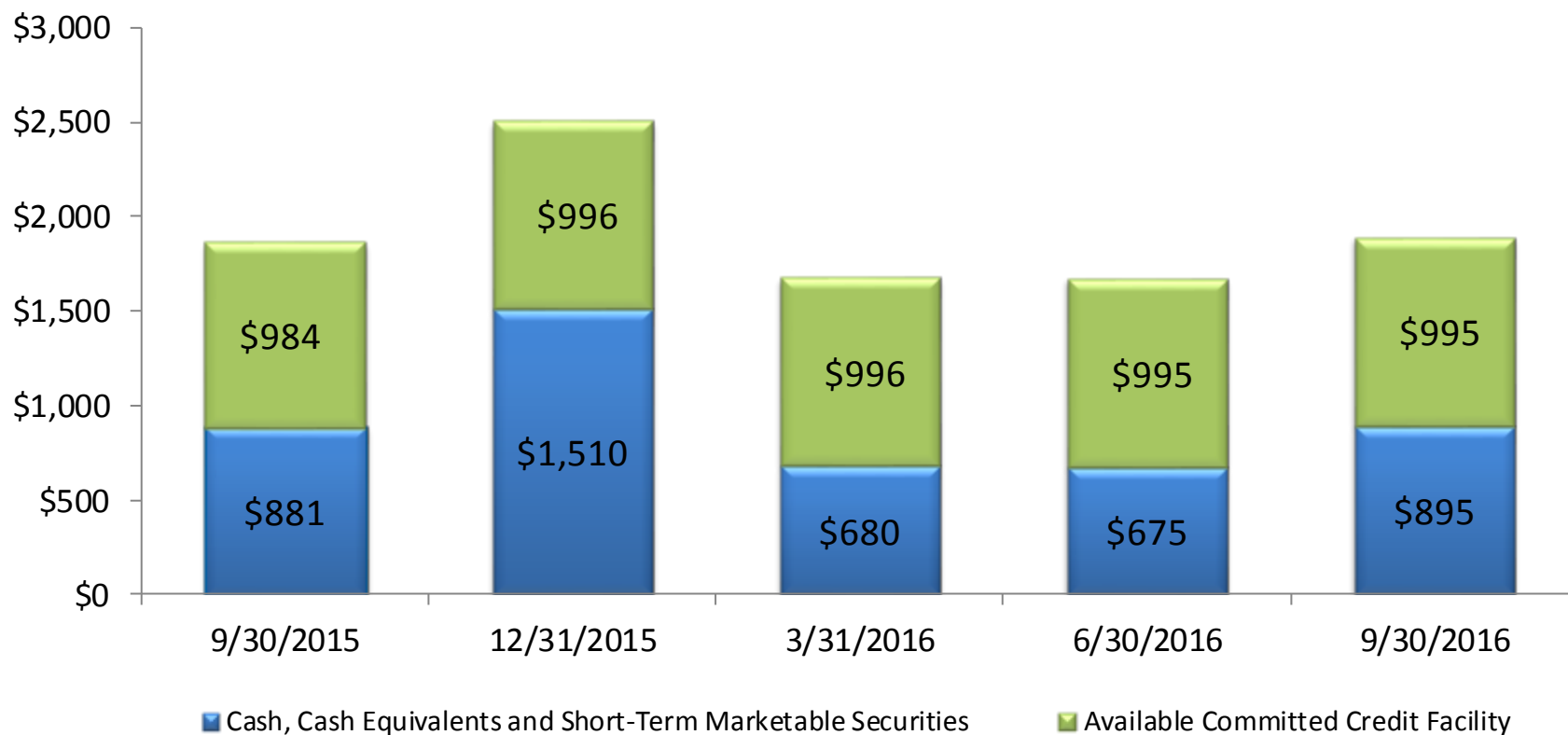
## Three and Nine Months Ended September 30



“All Other O&G” primarily includes production expenses and, to a lesser extent, depreciation and amortization, bad debt expense, adjustments to contingent acquisition obligations, foreign currency losses (gains), spending to support new business activity, net 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

<b>Covenants</b>	<b>Last Twelve Months Ending September 30, 2016</b>
I. Interest Coverage Ratio (not less than):	5.00x
Actual Interest Coverage Ratio:	18.19x
II. Leverage Ratio (not greater than):	3.50x
Actual Leverage Ratio:	1.52x

<b><u>Interest Coverage Ratio - Interest Expense Reconciliation</u></b>	<b>Last Twelve Months Ending September 30, 2016</b>
Interest Expense:	\$92.1
- Interest income	21.1
- Other	7.9
Net interest expense <sup>(1)</sup> :	<u><u>\$63.1</u></u>

<b><u>EBITDA Reconciliation</u></b>	<b>Last Twelve Months Ending September 30, 2016</b>
Operating Income:	\$909.3
+ Depreciation and amortization	237.8
+ Other non-cash charges	0.5
EBITDA <sup>(1)</sup> :	<u><u>\$1,147.6</u></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.