



Interpublic Group

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**FOURTH QUARTER & FULL YEAR 2018  
EARNINGS CONFERENCE CALL**

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February 13, 2019

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# Overview

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- Fourth quarter 2018 net revenue increased 13.3%
  - Organic growth of net revenue was 7.1%
    - US organic growth was 6.3%
    - International organic growth was 8.0%
- FY-18 revenue increased 7.5%, with organic growth of 5.5%
- FY-18 net income was \$618.9
- FY-18 adjusted EBITA margin was 13.5%, an increase of 70 bps
- FY-18 diluted EPS was \$1.59, and adjusted diluted EPS was \$1.86 compared with \$1.40 in FY-17 as similarly adjusted
- Increased quarterly common share dividend 12% to \$0.235

"Organic growth" refers exclusively to the organic change of net revenue. Adjusted EBITA is operating income adjusted for Acxiom transaction costs and amortization of acquired intangibles. Adjusted diluted EPS as adjusted for Acxiom transaction costs, amortization of acquired intangibles, sales of businesses and discrete tax items. The reconciliations of organic revenue change are on pages 17-18. Reconciliations of non-GAAP adjusted EBITA and adjusted diluted EPS are on pages 19-23.



# Operating Performance

	Three Months Ended December 31,	
	2018	2017
<i>Net Revenue</i>	\$ 2,413.7	\$ 2,131.1
Billable Expenses	442.3	458.7
<i>Total Revenue</i>	2,856.0	2,589.8
Salaries and Related Expenses	1,423.7	1,291.3
Office and Other Direct Expenses	381.0	334.8
Billable Expenses	442.3	458.7
Selling, General and Administrative Expenses <sup>(1)</sup>	81.0	49.4
Depreciation and Amortization <sup>(2)</sup>	68.9	32.6
<i>Operating Income</i>	459.1	423.0
Interest Expense, net	(41.6)	(17.8)
Other Expense, net	(13.6)	(1.7)
<i>Income Before Income Taxes</i>	403.9	403.5
Provision for Income Taxes	62.2	135.1
Equity in Net Income of Unconsolidated Affiliates	0.8	0.8
<i>Net Income</i>	342.5	269.2
Net Income Attributable to Noncontrolling Interests	(16.3)	(16.9)
<i>Net Income Available to IPG Common Stockholders</i>	\$ 326.2	\$ 252.3
<i>Earnings per Share Available to IPG Common Stockholders - Basic</i>	\$ 0.85	\$ 0.66
<i>Earnings per Share Available to IPG Common Stockholders - Diluted</i>	\$ 0.84	\$ 0.64
<i>Weighted-Average Number of Common Shares Outstanding - Basic</i>	383.4	385.1
<i>Weighted-Average Number of Common Shares Outstanding - Diluted</i>	390.3	393.2
<i>Dividends Declared per Common Share</i>	\$ 0.21	\$ 0.18

(1) Includes \$22.6 related to Acxiom transaction costs in 2018.

(2) Includes \$22.0 and \$5.3 of amortization of acquired intangibles in 2018 and 2017, respectively.

# Net Revenue

	Three Months Ended		Twelve Months Ended	
	\$	% Change	\$	% Change
<b>December 31, 2017</b>	<b>\$ 2,131.1</b>		<b>\$ 7,473.5</b>	
Total change	282.6	13.3%	558.1	7.5%
Foreign currency	(35.0)	(1.6%)	15.9	0.2%
Net acquisitions/(divestitures)	167.0	7.8%	128.2	1.8%
Organic	<b>150.6</b>	<b>7.1%</b>	<b>414.0</b>	<b>5.5%</b>
<b>December 31, 2018</b>	<b>\$ 2,413.7</b>		<b>\$ 8,031.6</b>	

	Three Months Ended December 31,				Twelve Months Ended December 31,			
			Change				Change	
	2018	2017	Organic	Total	2018	2017	Organic	Total
<b>IAN</b>	\$ 1,894.9	\$ 1,810.2	7.4%	4.7%	\$ 6,585.8	\$ 6,266.7	6.0%	5.1%
<b>CMG</b>	\$ 337.1	\$ 320.9	5.1%	5.0%	\$ 1,264.1	\$ 1,206.8	3.4%	4.7%
<b>Corporate and other</b> <sup>(1)</sup>	\$ 181.7	\$ 0.0	N/A	N/A	\$ 181.7	\$ 0.0	N/A	N/A

(1) Revenue is from Acxiom which was acquired on October 1, 2018.

Page 4 See reconciliations of segment organic revenue change on pages 17-18.

(\$ in Millions)



# Geographic Net Revenue Change

	<b>Three Months Ended December 31, 2018</b>		<b>Twelve Months Ended December 31, 2018</b>	
	<b>Organic</b>	<b>Total</b>	<b>Organic</b>	<b>Total</b>
United States	6.3%	20.2%	5.1%	8.2%
International	8.0%	4.8%	6.2%	6.4%
United Kingdom	9.6%	12.7%	9.7%	16.1%
Continental Europe	4.1%	2.7%	5.3%	7.2%
Asia Pacific	6.6%	3.2%	3.9%	3.4%
Latin America	17.4%	0.9%	11.7%	(0.2%)
All Other Markets	8.0%	5.1%	3.4%	2.9%
<b>Worldwide</b>	<b>7.1%</b>	<b>13.3%</b>	<b>5.5%</b>	<b>7.5%</b>

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

Page 5 See reconciliations of organic net revenue change on pages 17-18.



# Operating Expenses

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2018	2017	% Increase	2018	2017	% Increase
Salaries & Related	\$ 1,423.7	\$ 1,291.3	10.3%	\$ 5,298.3	\$ 4,990.7	6.2%
<i>% of Net Revenue</i>	<i>59.0%</i>	<i>60.6%</i>		<i>66.0%</i>	<i>66.8%</i>	
Office & Other Direct	381.0	334.8	13.8%	1,355.1	1,268.8	6.8%
<i>% of Net Revenue</i>	<i>15.8%</i>	<i>15.7%</i>		<i>16.9%</i>	<i>17.0%</i>	
Selling, General & Administrative <sup>(1)</sup>	81.0	49.4	64.0%	166.5	118.5	40.5%
<i>% of Net Revenue</i>	<i>3.4%</i>	<i>2.3%</i>		<i>2.1%</i>	<i>1.6%</i>	
Depreciation <sup>(2)</sup>	46.9	27.3	71.8%	165.3	136.0	21.5%
<i>% of Net Revenue</i>	<i>1.9%</i>	<i>1.3%</i>		<i>2.1%</i>	<i>1.8%</i>	
Amortization of Acquired Intangibles <sup>(2)</sup>	22.0	5.3	315.1%	37.6	21.1	78.2%
<i>% of Net Revenue</i>	<i>0.9%</i>	<i>0.2%</i>		<i>0.5%</i>	<i>0.3%</i>	

(1) Includes Acxiom transaction costs of \$22.6 and \$35.0 for the three and twelve months ended December 31, 2018, respectively.

Page 6 (2) \$9.6 of depreciation and \$16.7 of amortization relates to Acxiom which was acquired on October 1, 2018.

(\$ in Millions)



# Adjusted EBITA & Diluted Earnings Per Share

Three Months Ended December 31, 2018

	As Reported	Axiom Transaction Costs <sup>(1)</sup>	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 459.1	\$ (22.6)	\$ (22.0)			\$ 503.7
Total (Expenses) and Other Income	(55.2)			\$ (11.9)		(43.3)
Income Before Income Taxes	403.9	(22.6)	(22.0)	(11.9)		460.4
Provision for Income Taxes	62.2	5.6	4.2	1.1	\$ 23.4	96.5
<i>Effective Tax Rate</i>	15.4%					21.0%
Equity in Net Income of Unconsolidated Affiliates	0.8					0.8
Net Income Attributable to Noncontrolling Interests	(16.3)					(16.3)
<b>Diluted EPS Components:</b>						
Net Income Available to IPG Common Stockholders	\$ 326.2	\$ (17.0)	\$ (17.8)	\$ (10.8)	\$ 23.4	\$ 348.4
Weighted-Average Number of Common Shares Outstanding- Diluted	390.3					390.3
<b>Earnings Per Share Available to IPG Common Stockholders:</b>	\$ 0.84	\$ (0.04)	\$ (0.05)	\$ (0.03)	\$ 0.06	\$ 0.89

(1) Axiom transaction costs of \$22.6 recorded in Selling, General and Administrative Expenses.

Page 7 See full reconciliations of adjusted non-GAAP diluted earnings per share on pages 19-23.

(Amounts in Millions, except per share amounts)



# Adjusted EBITA & Diluted Earnings Per Share

Twelve Months Ended December 31, 2018

	As Reported	Acxiom Transaction Costs <sup>(1)</sup>	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 1,008.8	\$ (35.0)	\$ (37.6)			\$ 1,081.4
Total (Expenses) and Other Income	(170.8)	(13.6)		\$ (61.9)		(95.3)
Income Before Income Taxes	838.0	(48.6)	(37.6)	(61.9)		986.1
Provision for Income Taxes	199.2	12.1	4.8	2.2	\$ 23.4	241.7
<i>Effective Tax Rate</i>	23.8%					24.5%
Equity in Net Loss of Unconsolidated Affiliates	(1.1)					(1.1)
Net Income Attributable to Noncontrolling Interests	(18.8)					(18.8)
<b>Diluted EPS Components:</b>						
Net Income Available to IPG Common Stockholders	\$ 618.9	\$ (36.5)	\$ (32.8)	\$ (59.7)	\$ 23.4	\$ 724.5
Weighted-Average Number of Common Shares Outstanding- Diluted	389.0					389.0
<b>Earnings Per Share Available to IPG Common Stockholders:</b>	\$ 1.59	\$ (0.09)	\$ (0.08)	\$ (0.15)	\$ 0.06	\$ 1.86

(1) Acxiom transaction costs of \$35.0 recorded in Selling, General and Administrative Expenses and \$13.6 recorded in Total (Expenses) and Other Income.





# Cash Flow

	Twelve Months Ended December 31,	
	2018	2017
<b>NET INCOME</b>	\$ 637.7	\$ 570.4
<b>OPERATING ACTIVITIES</b>		
Depreciation & amortization	291.6	244.9
Deferred taxes	14.1	(9.5)
Net losses on sales of businesses	61.9	24.1
Other non-cash items	7.7	22.2
Change in working capital, net	(431.1)	5.3
Change in other non-current assets & liabilities	(16.8)	24.4
<b>Net cash provided by Operating Activities</b>	<b>565.1</b>	<b>881.8</b>
<b>INVESTING ACTIVITIES</b>		
Acquisitions, net of cash acquired	(2,309.8)	(30.6)
Capital expenditures	(177.1)	(155.9)
Other investing activities	(4.6)	(9.7)
<b>Net cash used in Investing Activities</b>	<b>(2,491.5)</b>	<b>(196.2)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	2,494.2	0.0
Exercise of stock options	15.5	13.1
Common stock dividends	(322.1)	(280.3)
Repurchases of common stock	(117.1)	(300.1)
Repayments of long-term debt	(104.8)	(324.6)
Acquisition-related payments	(33.7)	(53.7)
Tax payments for employee shares withheld	(29.2)	(38.8)
Net (decrease) increase in short-term borrowings	(17.5)	3.0
Distributions to noncontrolling interests	(16.9)	(20.4)
Other financing activities	(15.2)	(3.1)
<b>Net cash provided by (used in) Financing Activities</b>	<b>1,853.2</b>	<b>(1,004.9)</b>
Currency effect	(47.3)	16.8
<b>Net decrease in Cash, Cash Equivalents and Restricted Cash</b>	<b>\$ (120.5)</b>	<b>\$ (302.5)</b>

# Balance Sheet – Current Portion

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 673.4	\$ 790.9
Accounts receivable, net	5,126.6	4,585.0
Accounts receivable, billable to clients	1,900.6	1,747.4
Assets held for sale	5.7	5.7
Other current assets	476.6	346.5
<b>Total current assets</b>	<b>\$ 8,182.9</b>	<b>\$ 7,475.5</b>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 6,698.1	\$ 6,420.2
Accrued liabilities	806.9	674.7
Contract liabilities	533.9	484.7
Short-term borrowings	73.7	84.9
Current portion of long-term debt	0.1	2.0
Liabilities held for sale	11.2	8.8
<b>Total current liabilities</b>	<b>\$ 8,123.9</b>	<b>\$ 7,675.3</b>

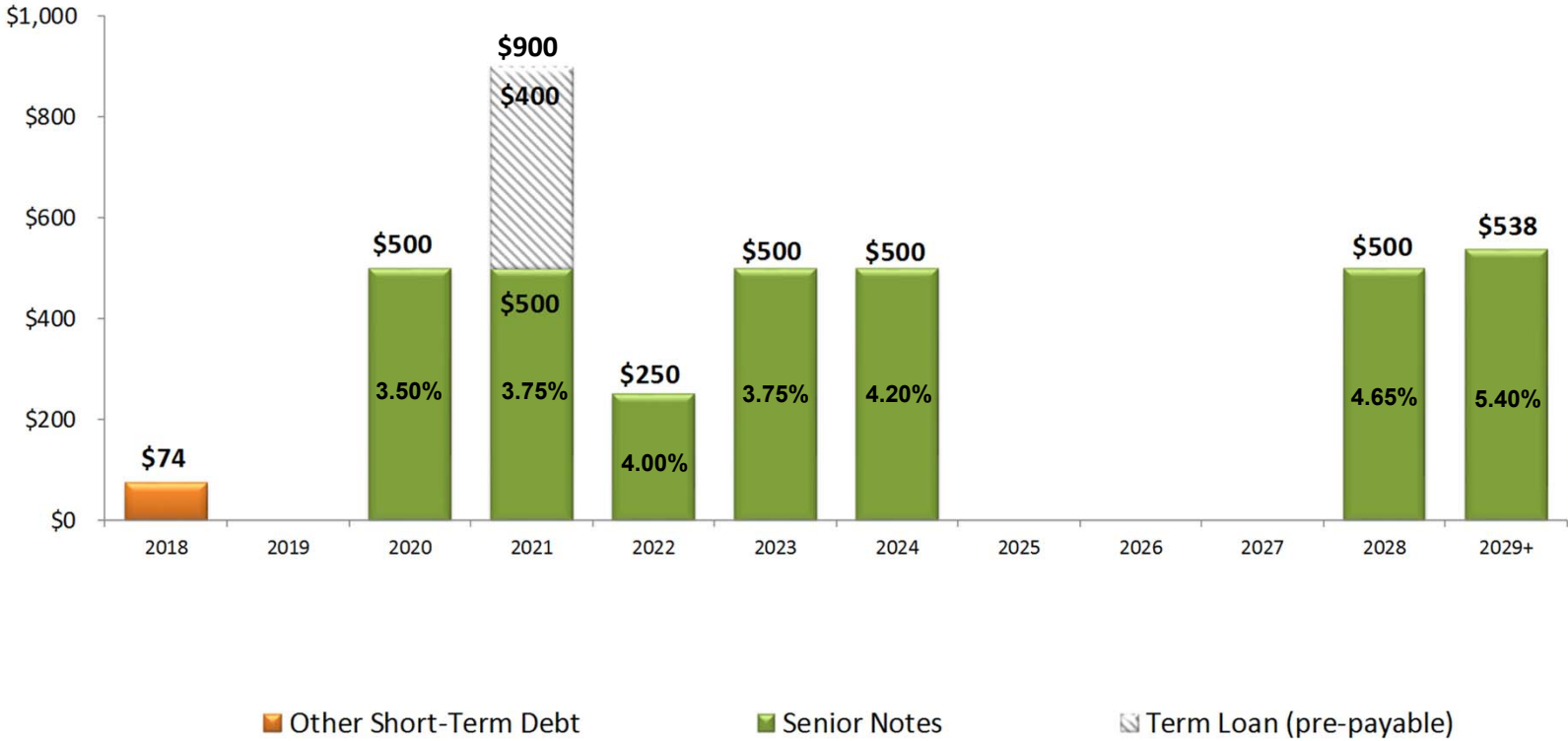
Page 10 Includes \$160.3 of Acxiom current assets and \$110.5 of Acxiom current liabilities.

(\$ in Millions)



# Debt Maturity Schedule

**Total Debt = \$3.7 billion**



Senior Notes shown at face value on December 31, 2018



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# Summary

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- Foundation for sustained value creation in top talent and key strategic initiatives
  - Quality of our agency offerings
  - Integrated digital & digital specialists
  - "Open architecture" solutions
  - Scaled data management
- Effective expense management an ongoing priority
- Continued focus on growth and margin improvement
- Financial strength an ongoing source of value creation



Interpublic Group

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# Appendix

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# Operating Performance

	Twelve Months Ended December 31,	
	2018	2017
<i>Net Revenue</i>	\$ 8,031.6	\$ 7,473.5
Billable Expenses	1,682.8	1,574.1
<i>Total Revenue</i>	9,714.4	9,047.6
Salaries and Related Expenses	5,298.3	4,990.7
Office and Other Direct Expenses	1,355.1	1,268.8
Billable Expenses	1,682.8	1,574.1
Selling, General and Administrative Expenses <sup>(1)</sup>	166.5	118.5
Depreciation and Amortization <sup>(2)</sup>	202.9	157.1
<i>Operating Income</i>	1,008.8	938.4
Interest Expense, net <sup>(1)</sup>	(101.2)	(71.4)
Other Expense, net <sup>(1)</sup>	(69.6)	(26.2)
<i>Income Before Income Taxes</i>	838.0	840.8
Provision for Income Taxes	199.2	271.3
Equity in Net (Loss) Income of Unconsolidated Affiliates	(1.1)	0.9
<i>Net Income</i>	637.7	570.4
Net Income Attributable to Noncontrolling Interests	(18.8)	(16.0)
<i>Net Income Available to IPG Common Stockholders</i>	\$ 618.9	\$ 554.4
<i>Earnings per Share Available to IPG Common Stockholders - Basic</i>	\$ 1.61	\$ 1.42
<i>Earnings per Share Available to IPG Common Stockholders - Diluted</i>	\$ 1.59	\$ 1.40
<i>Weighted-Average Number of Common Shares Outstanding - Basic</i>	383.3	389.6
<i>Weighted-Average Number of Common Shares Outstanding - Diluted</i>	389.0	397.3
<i>Dividends Declared per Common Share</i>	\$ 0.84	\$ 0.72

(1) Includes \$35.0 in Selling, General and Administrative Expenses, \$3.3 in Interest Expense, net, and \$10.3 in Other Expense, net related to Acxiom transaction costs in 2018.

(2) Includes \$37.6 and \$21.1 of amortization of acquired intangibles in 2018 and 2017, respectively.



# Cash Flow

	<b>Three Months Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>NET INCOME</b>	\$ 342.5	\$ 269.2
<b>OPERATING ACTIVITIES</b>		
Depreciation & amortization	93.7	56.4
Deferred taxes	37.0	(28.3)
Net losses on sales of businesses	11.9	3.2
Other non-cash items	(5.9)	(3.4)
Change in working capital, net	436.2	677.9
Change in other non-current assets & liabilities	(23.6)	45.8
<b>Net cash provided by Operating Activities</b>	<b>891.8</b>	<b>1,020.8</b>
<b>INVESTING ACTIVITIES</b>		
Acquisitions, net of cash acquired	(2,297.8)	(8.0)
Capital expenditures	(71.4)	(47.2)
Other investing activities	(5.7)	(0.5)
<b>Net cash used in Investing Activities</b>	<b>(2,374.9)</b>	<b>(55.7)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	500.0	0.0
Exercise of stock options	6.4	1.0
Repurchases of common stock	0.0	(84.1)
Repayments of long-term debt	(99.9)	(301.0)
Common stock dividends	(80.5)	(69.1)
Net decrease in short-term borrowings	(12.9)	(426.9)
Distributions to noncontrolling interests	(3.5)	(3.5)
Acquisition-related payments	(3.3)	(4.6)
Tax payments for employee shares withheld	(0.4)	(0.4)
Other financing activities	(3.3)	(3.2)
<b>Net cash provided by (used in) financing activities</b>	<b>302.6</b>	<b>(891.8)</b>
Currency effect	(12.0)	16.4
<b>Net (decrease) increase in Cash, Cash Equivalents and Restricted Cash</b>	<b>\$ (1,192.5)</b>	<b>\$ 89.7</b>

# Depreciation and Amortization

	2018				
	Q1	Q2	Q3	Q4	FY 2018
Depreciation	\$ 40.7	\$ 38.8	\$ 38.9	\$ 46.9	\$ 165.3
Amortization of acquired intangibles <sup>(1)</sup>	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

	2017				
	Q1	Q2	Q3	Q4	FY 2017
Depreciation	\$ 35.7	\$ 36.0	\$ 37.0	\$ 27.3	\$ 136.0
Amortization of acquired intangibles	5.3	5.3	5.2	5.3	21.1
Amortization of restricted stock and other non-cash compensation	29.7	16.3	13.8	22.2	82.0
Net amortization of bond discounts and deferred financing costs	1.4	1.4	1.4	1.6	5.8





# Reconciliation of Organic Net Revenue

	Components of Change				Change		
	Three Months Ended December 31, 2017	Foreign Currency	Net Acquisitions / (Divestitures)	Organic	Three Months Ended December 31, 2018	Organic	Total
<b>Segment Revenue</b>							
IAN	\$ 1,810.2	\$ (31.5)	\$ (18.0)	\$ 134.2	\$ 1,894.9	7.4%	4.7%
CMG	320.9	(3.5)	3.3	16.4	337.1	5.1%	5.0%
Corporate and other <sup>(1)</sup>	0.0	0.0	181.7	0.0	181.7	N/A	N/A
<b>Total</b>	<b>\$ 2,131.1</b>	<b>\$ (35.0)</b>	<b>\$ 167.0</b>	<b>\$ 150.6</b>	<b>\$ 2,413.7</b>	<b>7.1%</b>	<b>13.3%</b>
<b>Geographic Revenue</b>							
<b>United States</b>	<b>\$ 1,164.5</b>	<b>\$ 0.0</b>	<b>\$ 162.3</b>	<b>\$ 73.5</b>	<b>\$ 1,400.3</b>	<b>6.3%</b>	<b>20.2%</b>
<b>International</b>	<b>966.6</b>	<b>(35.0)</b>	<b>4.7</b>	<b>77.1</b>	<b>1,013.4</b>	<b>8.0%</b>	<b>4.8%</b>
United Kingdom	176.2	(3.6)	8.9	17.0	198.5	9.6%	12.7%
Continental Europe	241.6	(2.6)	(0.7)	9.8	248.1	4.1%	2.7%
Asia Pacific	284.2	(9.9)	0.1	18.8	293.2	6.6%	3.2%
Latin America	109.2	(15.9)	(2.1)	19.0	110.2	17.4%	0.9%
All Other Markets	155.4	(3.0)	(1.5)	12.5	163.4	8.0%	5.1%
<b>Worldwide</b>	<b>\$ 2,131.1</b>	<b>\$ (35.0)</b>	<b>\$ 167.0</b>	<b>\$ 150.6</b>	<b>\$ 2,413.7</b>	<b>7.1%</b>	<b>13.3%</b>

# Reconciliation of Organic Net Revenue

	Components of Change				Change		
	Twelve Months Ended December 31, 2017	Foreign Currency	Net Acquisitions / (Divestitures)	Organic	Twelve Months Ended December 31, 2018	Organic	Total
<b>Segment Revenue</b>							
IAN	\$ 6,266.7	\$ 6.9	\$ (61.1)	\$ 373.3	\$ 6,585.8	6.0%	5.1%
CMG	1,206.8	9.0	7.6	40.7	1,264.1	3.4%	4.7%
Corporate and other <sup>(1)</sup>	0.0	0.0	181.7	0.0	181.7	N/A	N/A
<b>Total</b>	<b>\$ 7,473.5</b>	<b>\$ 15.9</b>	<b>\$ 128.2</b>	<b>\$ 414.0</b>	<b>\$ 8,031.6</b>	<b>5.5%</b>	<b>7.5%</b>
<b>Geographic Revenue</b>							
<b>United States</b>	<b>\$ 4,458.8</b>	<b>\$ 0.0</b>	<b>\$ 139.9</b>	<b>\$ 226.3</b>	<b>\$ 4,825.0</b>	<b>5.1%</b>	<b>8.2%</b>
<b>International</b>	<b>3,014.7</b>	<b>15.9</b>	<b>(11.7)</b>	<b>187.7</b>	<b>3,206.6</b>	<b>6.2%</b>	<b>6.4%</b>
United Kingdom	613.1	24.1	15.3	59.2	711.7	9.7%	16.1%
Continental Europe	687.8	27.8	(14.7)	36.6	737.5	5.3%	7.2%
Asia Pacific	866.9	(2.0)	(2.0)	33.9	896.8	3.9%	3.4%
Latin America	350.8	(35.6)	(6.1)	41.0	350.1	11.7%	(0.2%)
All Other Markets	496.1	1.6	(4.2)	17.0	510.5	3.4%	2.9%
<b>Worldwide</b>	<b>\$ 7,473.5</b>	<b>\$ 15.9</b>	<b>\$ 128.2</b>	<b>\$ 414.0</b>	<b>\$ 8,031.6</b>	<b>5.5%</b>	<b>7.5%</b>

# Reconciliation of Adjusted Results <sup>(1)</sup>

Three Months Ended December 31, 2018

	As Reported	Acxiom Transaction Costs <sup>(2)</sup>	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 459.1	\$ (22.6)	\$ (22.0)			\$ 503.7
Total (Expenses) and Other Income	(55.2)			\$ (11.9)		(43.3)
Income Before Income Taxes	403.9	(22.6)	(22.0)	(11.9)		460.4
Provision for Income Taxes	62.2	5.6	4.2	1.1	\$ 23.4	96.5
<i>Effective Tax Rate</i>	15.4%					21.0%
Equity in Net Income of Unconsolidated Affiliates	0.8					0.8
Net Income Attributable to Noncontrolling Interests	(16.3)					(16.3)
<b>Net Income Available to IPG Common Stockholders</b>	\$ 326.2	\$ (17.0)	\$ (17.8)	\$ (10.8)	\$ 23.4	\$ 348.4
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	383.4					383.4
Dilutive effect of stock options and restricted shares	6.9					6.9
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	390.3					390.3
<b>Earnings Per Share Available to IPG Common Stockholders:</b>						
Basic	\$ 0.85	\$ (0.04)	\$ (0.05)	\$ (0.03)	\$ 0.06	\$ 0.91
Diluted	\$ 0.84	\$ (0.04)	\$ (0.05)	\$ (0.03)	\$ 0.06	\$ 0.89

(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.

(2) Acxiom transaction costs of \$22.6 recorded in Selling, General and Administrative Expenses.



# Reconciliation of Adjusted Results <sup>(1)</sup>

Twelve Months Ended December 31, 2018

	As Reported	Axiom Transaction Costs <sup>(2)</sup>	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 1,008.8	\$ (35.0)	\$ (37.6)			\$ 1,081.4
Total (Expenses) and Other Income	(170.8)	(13.6)		\$ (61.9)		(95.3)
Income Before Income Taxes	838.0	(48.6)	(37.6)	(61.9)		986.1
Provision for Income Taxes	199.2	12.1	4.8	2.2	\$ 23.4	241.7
<i>Effective Tax Rate</i>	23.8%					24.5%
Equity in Net Loss of Unconsolidated Affiliates	(1.1)					(1.1)
Net Income Attributable to Noncontrolling Interests	(18.8)					(18.8)
<b>Net Income Available to IPG Common Stockholders</b>	\$ 618.9	\$ (36.5)	\$ (32.8)	\$ (59.7)	\$ 23.4	\$ 724.5
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	383.3					383.3
Dilutive effect of stock options and restricted shares	5.7					5.7
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	389.0					389.0
<b>Earnings Per Share Available to IPG Common Stockholders:</b>						
Basic	\$ 1.61	\$ (0.10)	\$ (0.09)	\$ (0.16)	\$ 0.06	\$ 1.89
Diluted	\$ 1.59	\$ (0.09)	\$ (0.08)	\$ (0.15)	\$ 0.06	\$ 1.86

(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.

(2) Axiom transaction costs of \$35.0 recorded in Selling, General and Administrative Expenses and \$13.6 in Total (Expenses) and Other Income.



# Adjusted EBITA Reconciliation <sup>(1)</sup>

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
<b>Net Revenue</b>	\$ 2,413.7	\$ 2,131.1	\$ 8,031.6	\$ 7,473.5
<b>EBITA Reconciliation:</b>				
<b>Net Income Available to IPG Common Stockholders</b>	\$ 326.2	\$ 252.3	\$ 618.9	\$ 554.4
Add Back:				
Provision for Income Taxes	62.2	135.1	199.2	271.3
Subtract:				
Total (Expenses) and Other Income	(55.2)	(19.5)	(170.8)	(97.6)
Equity in Net Income (Loss) of Unconsolidated Affiliates	0.8	0.8	(1.1)	0.9
Net Income Attributable to Noncontrolling Interests	(16.3)	(16.9)	(18.8)	(16.0)
<b>Operating Income</b>	<b>459.1</b>	<b>423.0</b>	<b>1,008.8</b>	<b>938.4</b>
Add Back:				
Amortization of Acquired Intangibles	22.0	5.3	37.6	21.1
<b>EBITA</b>	<b>481.1</b>	<b>428.3</b>	<b>1,046.4</b>	<b>959.5</b>
Acxiom Transaction Costs	22.6	0.0	35.0	0.0
<b>Adjusted EBITA</b>	<b>\$ 503.7</b>	<b>\$ 428.3</b>	<b>\$ 1,081.4</b>	<b>\$ 959.5</b>
<i>Adjusted EBITA Margin on Net Revenue %</i>	<b>20.9%</b>	<b>20.1%</b>	<b>13.5%</b>	<b>12.8%</b>

(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 <sup>(1)</sup>

Three Months Ended December 31, 2017

	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	U.S. Federal Tax Credits	Net Impact of U.S. Tax Reform	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 423.0	\$ (5.3)				\$ 428.3
Total (Expenses) and Other Income	(19.5)		\$ (3.2)			(16.3)
Income Before Income Taxes	403.5	(5.3)	(3.2)			412.0
Provision for Income Taxes	135.1	0.3	5.7	\$ (31.2)	\$ 36.0	145.9
<i>Effective Tax Rate</i>	33.5%					35.4%
Equity in Net Income of Unconsolidated Affiliates	0.8					0.8
Net Income Attributable to Noncontrolling Interests	(16.9)					(16.9)
<b>Net Income Available to IPG Common Stockholders</b>	\$ 252.3	\$ (5.0)	\$ 2.5	\$ (31.2)	\$ 36.0	\$ 250.0
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	385.1					385.1
Dilutive Effect of Stock Options and Restricted Shares	8.1					8.1
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	393.2					393.2
<b>Earnings per Share Available to IPG Common Stockholders:</b>						
Basic	\$ 0.66	\$ (0.01)	\$ 0.01	\$ (0.08)	\$ 0.09	\$ 0.65
Diluted	\$ 0.64	\$ (0.01)	\$ 0.01	\$ (0.08)	\$ 0.09	\$ 0.64

(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.

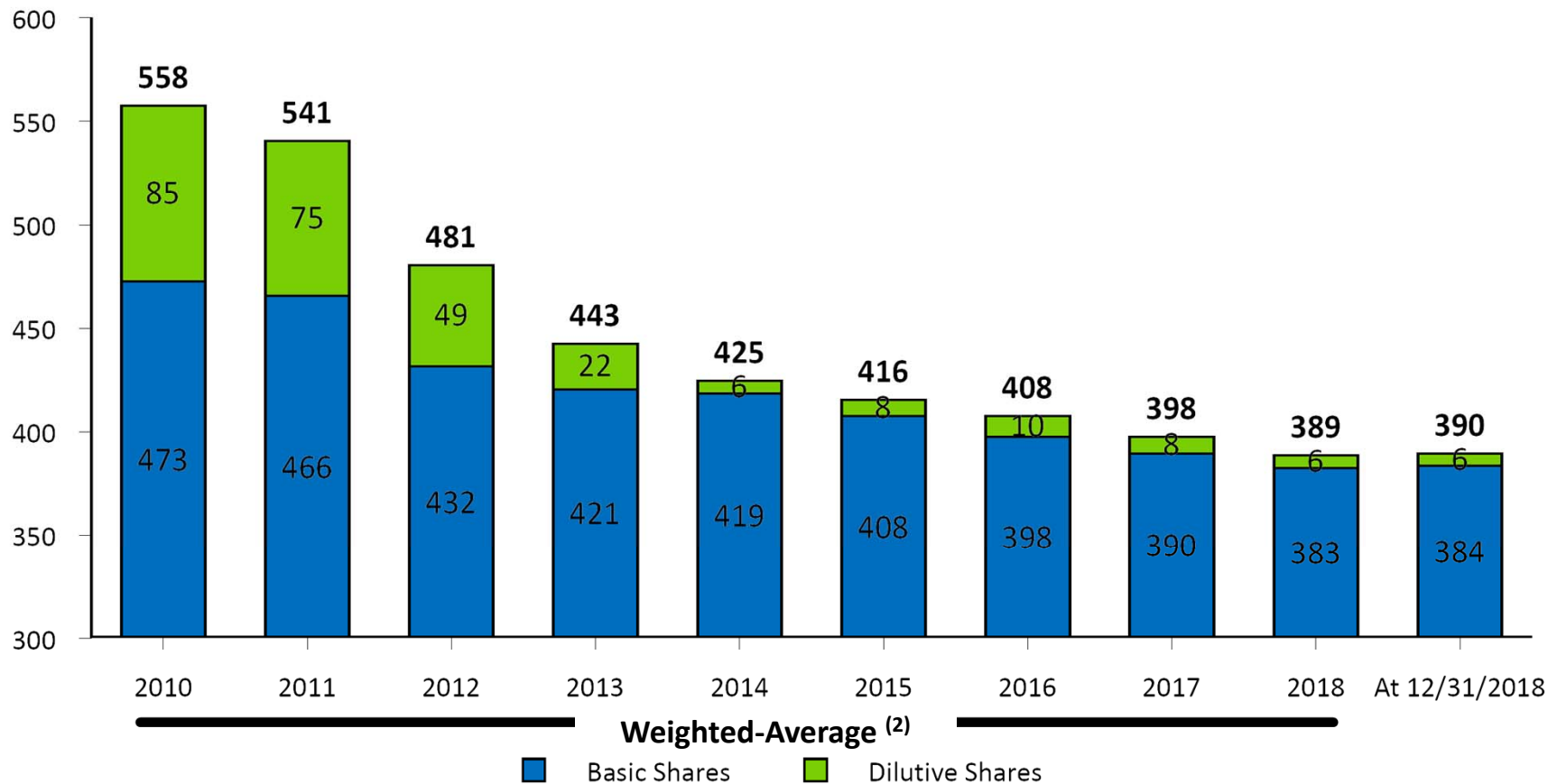


# Reconciliation of Adjusted Results <sup>(1)</sup>

	Twelve Months Ended December 31, 2017				
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Net Impact of U.S. Tax Reform	Adjusted Results
<b>Operating Income and Adjusted EBITA</b>	\$ 938.4	\$ (21.1)			\$ 959.5
Total (Expenses) and Other Income	(97.6)		\$ (24.1)		(73.5)
Income Before Income Taxes	840.8	(21.1)	(24.1)		886.0
Provision for Income Taxes	271.3	1.0	7.4	\$ 36.0	315.7
<i>Effective Tax Rate</i>	32.3%				35.6%
Equity in Net Income of Unconsolidated Affiliates	0.9				0.9
Net Income Attributable to Noncontrolling Interests	(16.0)				(16.0)
<b>Net Income Available to IPG Common Stockholders</b>	\$ 554.4	\$ (20.1)	\$ (16.7)	\$ 36.0	\$ 555.2
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	389.6				389.6
Dilutive Effect of Stock Options and Restricted Shares	7.7				7.7
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	397.3				397.3
<b>Earnings per Share Available to IPG Common Stockholders:</b>					
Basic	\$ 1.42	\$ (0.05)	\$ (0.04)	\$ 0.09	\$ 1.43
Diluted	\$ 1.40	\$ (0.05)	\$ (0.04)	\$ 0.09	\$ 1.40

- (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.

# Total Shares: Basic and Eligible for Dilution <sup>(1)</sup>

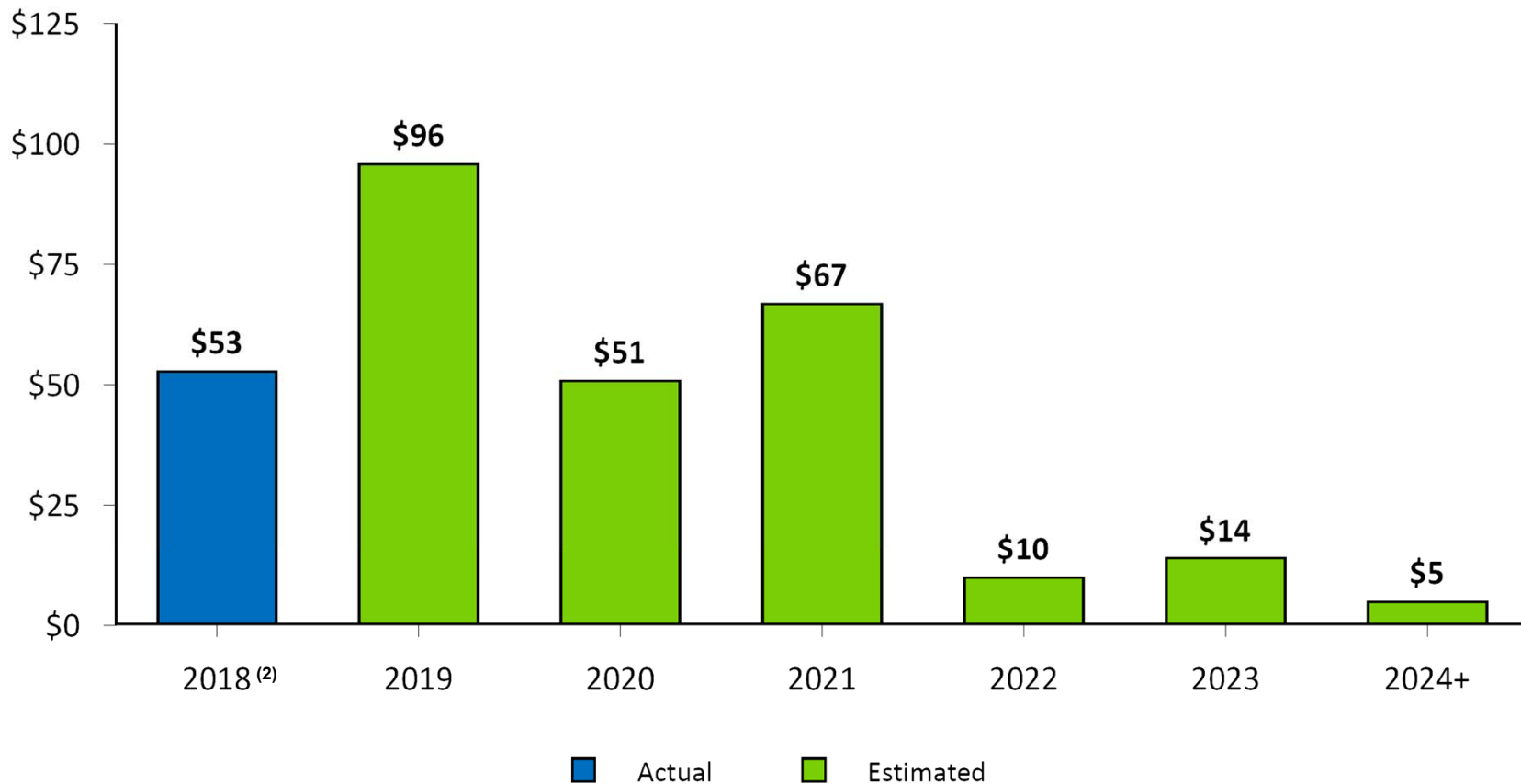


(1) Includes basic common shares outstanding, restricted shares, in-the-money stock options and convertible debt and preferred stock eligible for dilution.

(2) Equals weighted-average shares outstanding as defined above for the twelve months ending December 31st for the periods presented.



# Acquisition Payment Obligations <sup>(1)</sup>



(1) Amounts represent payments related to our previous acquisitions based on current estimates of financial performance and are subject to change. Amounts include deferred payments, payments we may be required to make in connection with our redeemable noncontrolling interests and call options with affiliates. With respect to redeemable noncontrolling interests and call options with affiliates, the estimated payment amounts are shown as an obligation in the earliest year in which they are exercisable, though some are eligible for exercise in multiple years.

Page 25 (2) 2018 payments included \$19 recorded within Operating Activities in our Statement of Cash Flows.

(\$ in Millions)





Interpublic Group

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# Metrics Update

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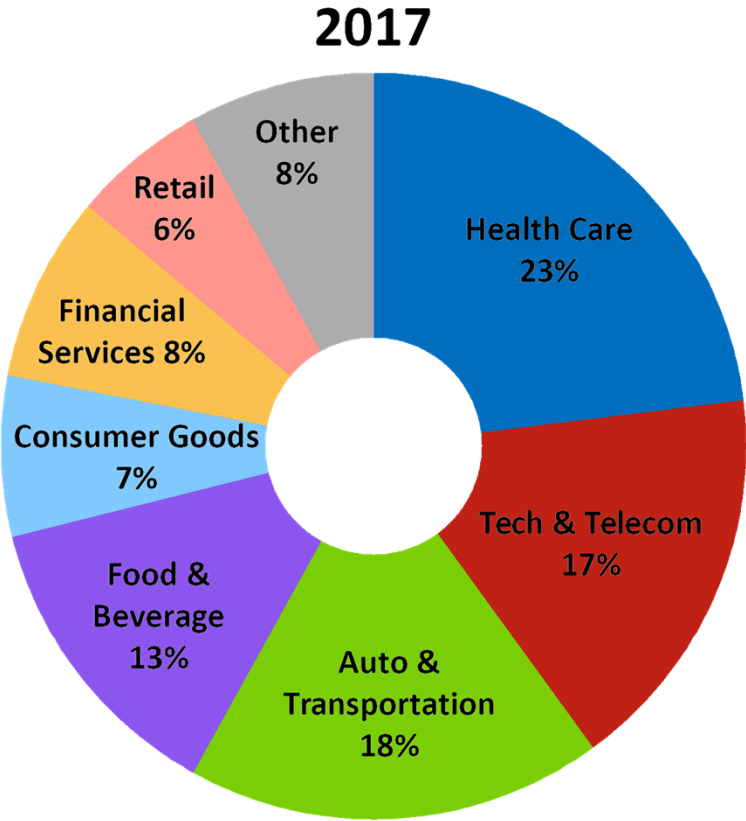
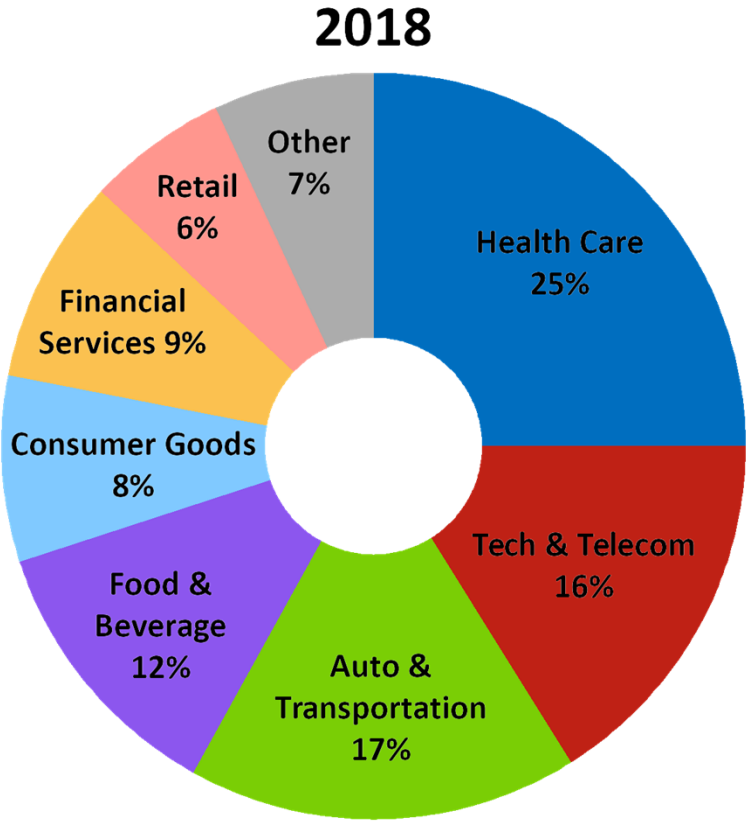
# Metrics Update

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<b>Category</b>	<b>Metric</b>
NET REVENUE	By Client Sector
SALARIES & RELATED (% of net revenue)	Twelve Months Ended Base, Benefits & Tax Incentive Expense Severance Expense Temporary Help
OFFICE & OTHER DIRECT (% of net revenue)	Twelve Months Ended Occupancy Expense All Other Office and Other Direct Expenses
REAL ESTATE	Total Square Feet
FINANCIAL	Available Liquidity \$1.5 Billion 5-Year Credit Facility Covenants

# Net Revenue By Client Sector

Top 100 Clients for the twelve months ended December 31



Approximately 55% of Consolidated Net Revenue



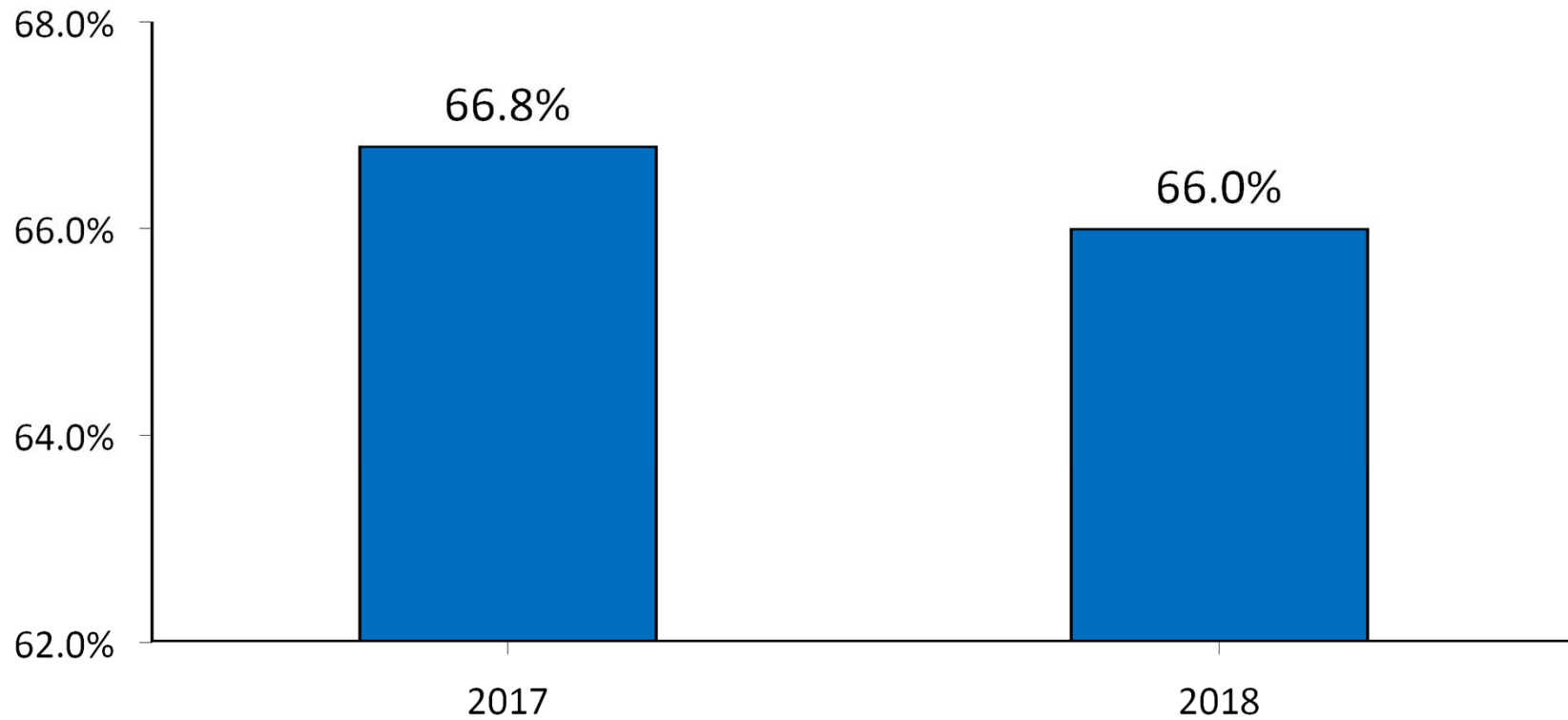
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# Salaries & Related Expenses

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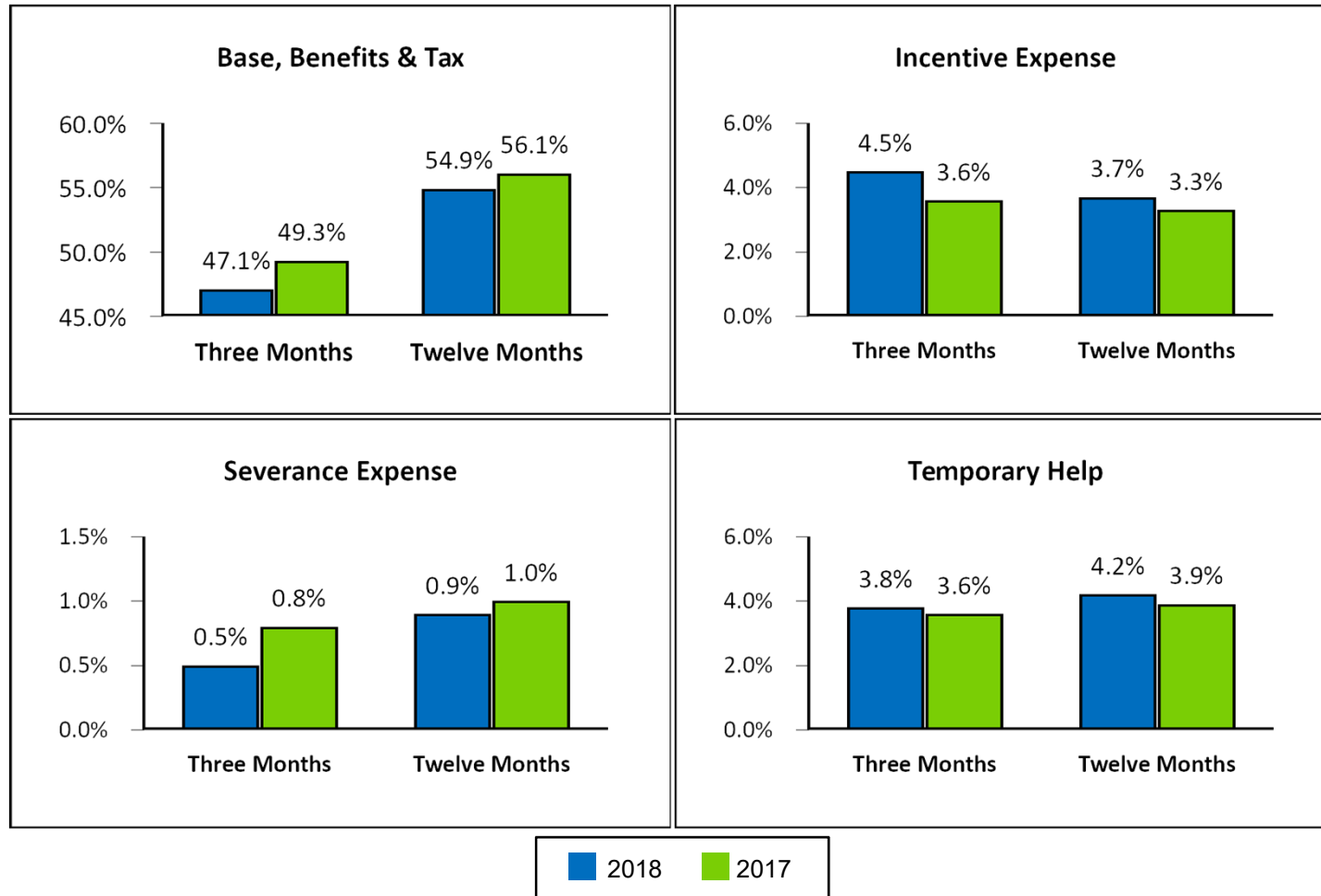
Twelve Months Ended December 31

## % of Net Revenue



# Salaries & Related Expenses (% of Net Revenue)

## Three and Twelve Months Ended December 31



Page 30 "All Other Salaries & Related," not shown, was 3.1% and 3.3% for the three months ended December 31, 2018 and 2017, respectively, and 2.3% and 2.5% for the twelve months ended December 31, 2018 and 2017, respectively.



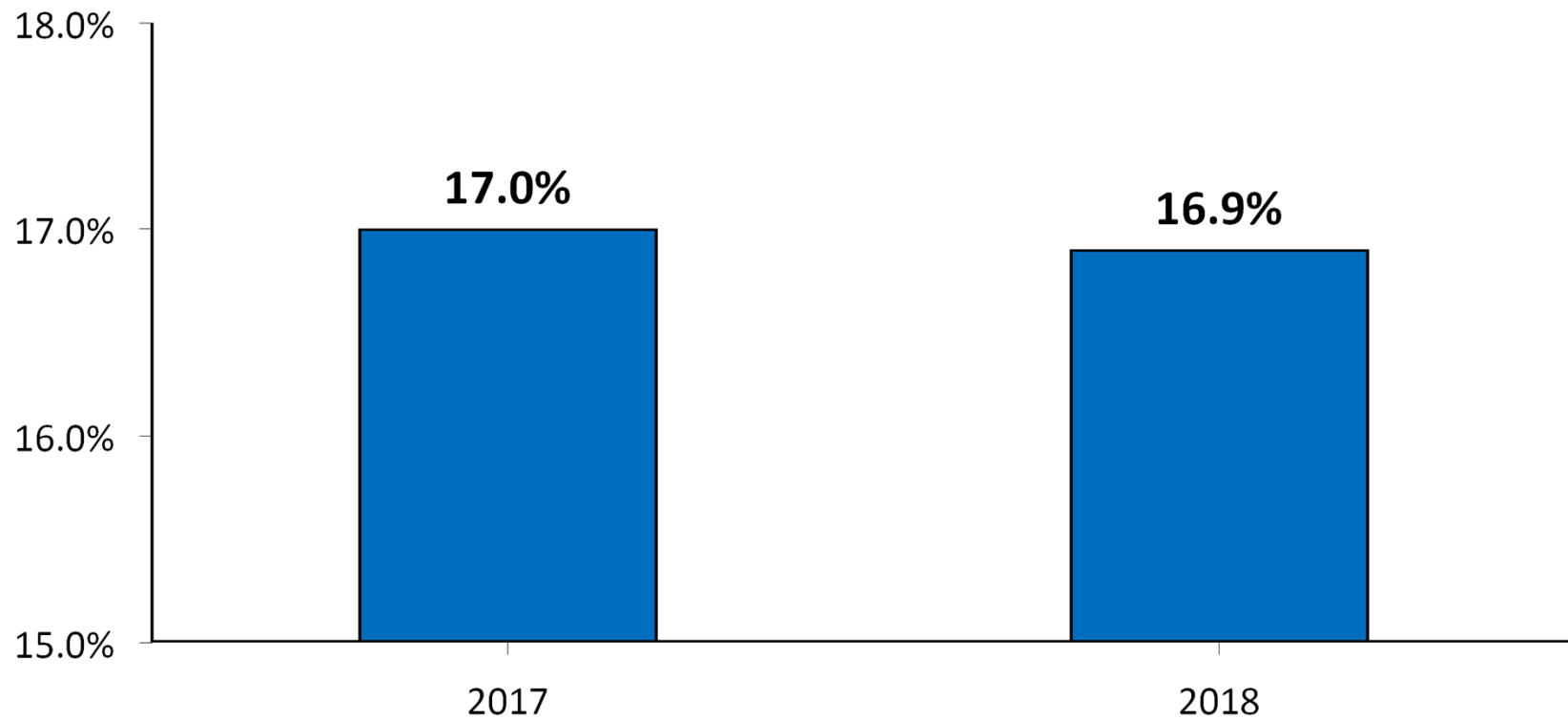
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# Office & Other Direct Expenses

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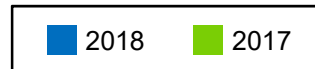
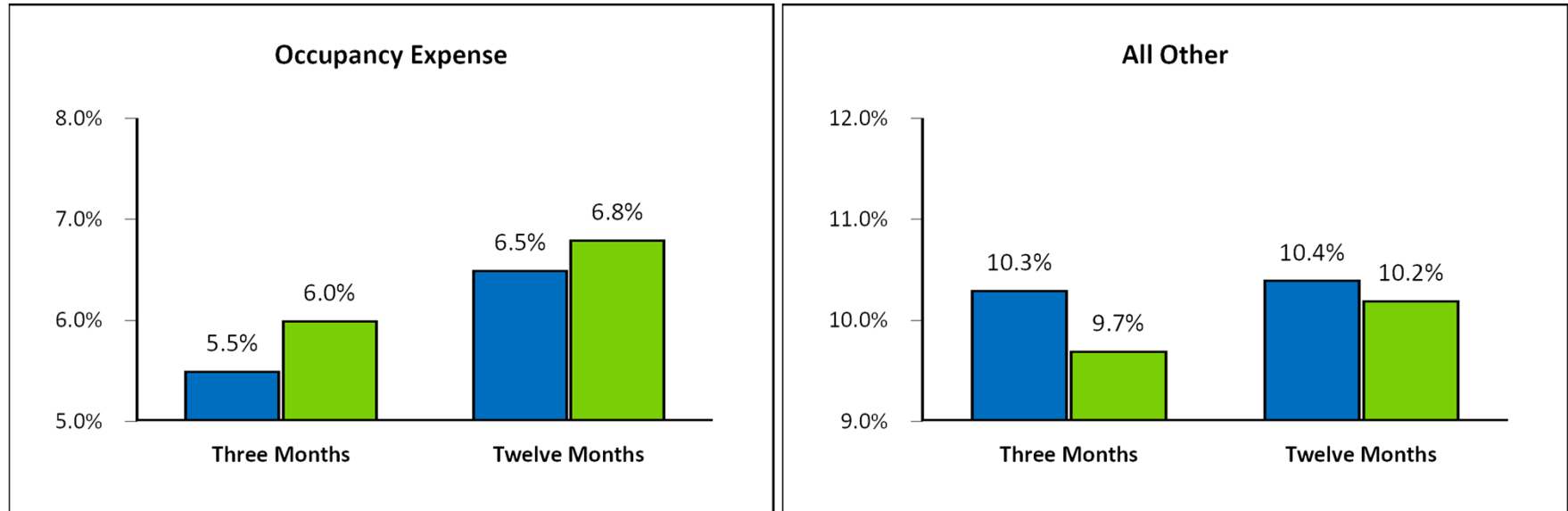
Twelve Months Ended December 31

**% of Net Revenue**



# Office & Other Direct Expenses (% of Revenue)

## Three and Twelve Months Ended December 31

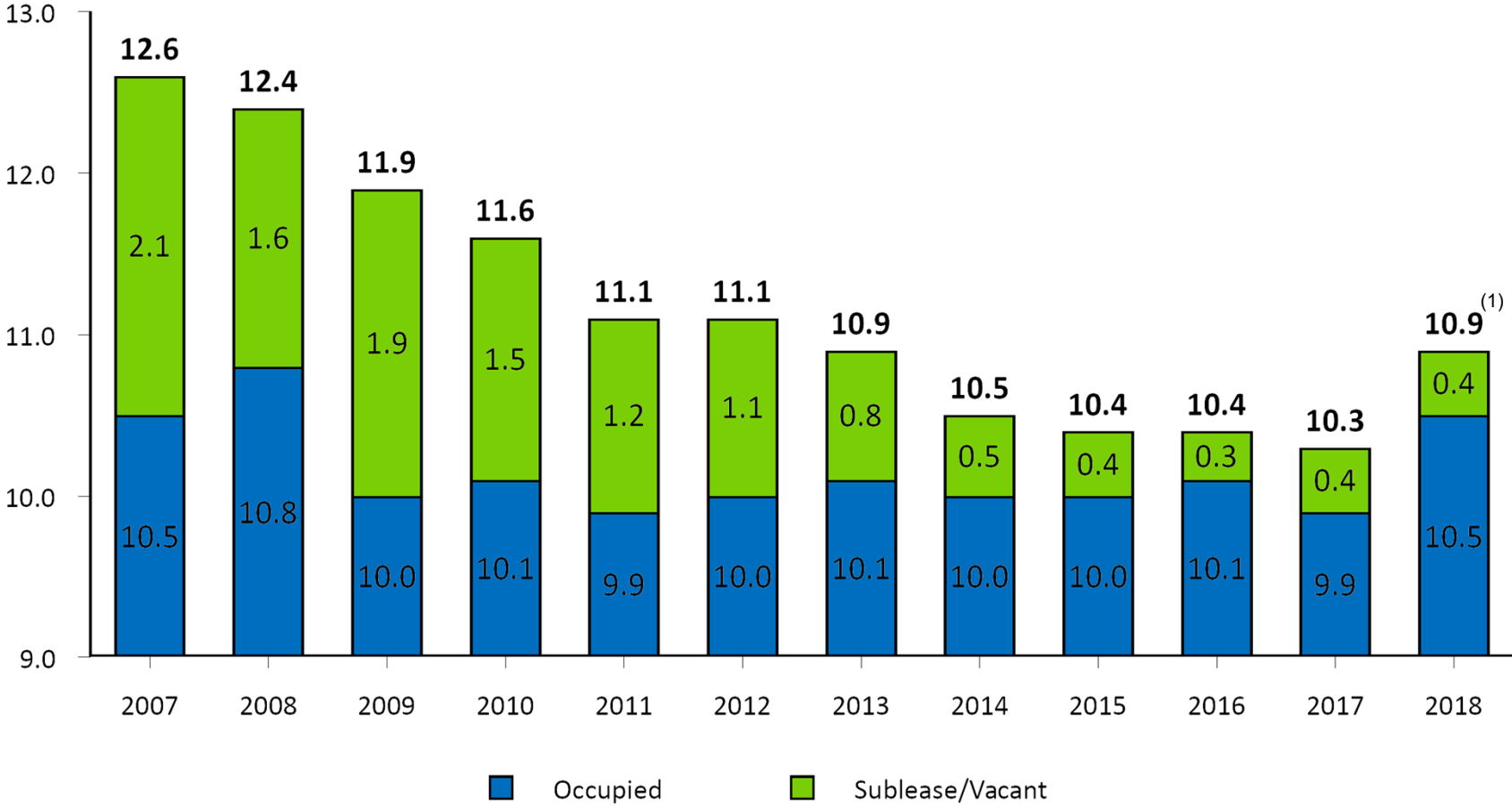


“All Other” primarily includes production expenses, travel and entertainment, professional fees, spending to support new business activity, telecommunications, office supplies, bad debt expense, adjustments to contingent acquisition obligations, foreign currency losses (gains), long-lived asset impairments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



# Real Estate

## Total Square Feet as of December 31,



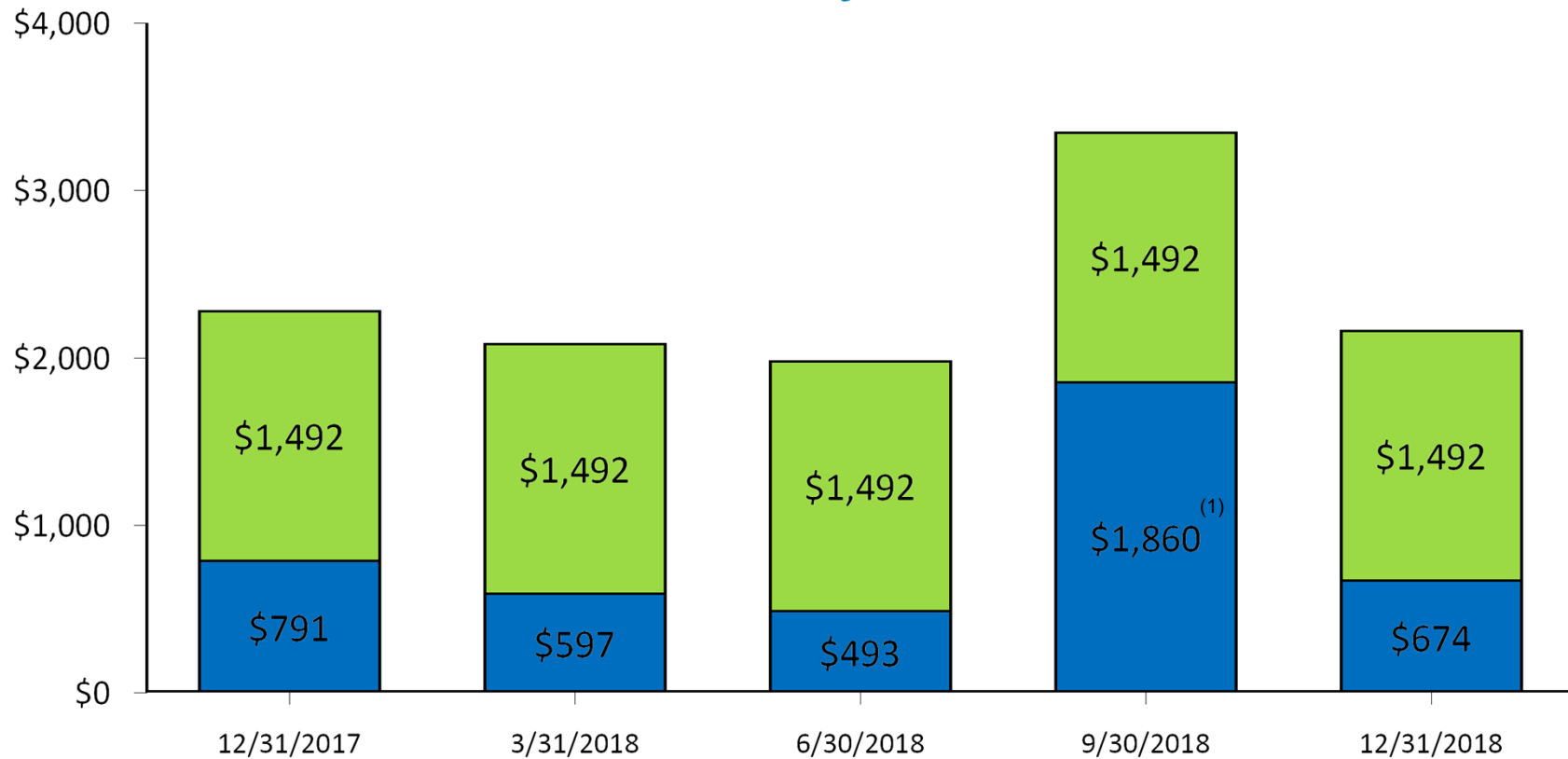
Page 33 <sup>(1)</sup> Increase primarily due to the inclusion of Axiom real estate.

(Amounts in Millions)



# Available Liquidity

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



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

(1) Reflects cash on hand from the September debt issuance to finance the Acxiom transaction, which closed on October 1, 2018.



# Credit Facility and Term Loan Covenants

Covenants	Twelve Months Ended December 31, 2018
I. Interest Coverage Ratio (not less than) :	5.00x
Actual Interest Coverage Ratio:	7.93x
II. Leverage Ratio (not greater than) <sup>(1)</sup> :	4.00x
Actual Leverage Ratio:	2.61x
 <u>Interest Expense Reconciliation</u> <sup>(2)</sup>	<u>Twelve Months Ended December 31, 2018</u>
Interest Expense:	\$200.4
- Interest income	21.8
- Other	(2.0)
Net interest expense:	<u>\$180.6</u>
 <u>EBITDA Reconciliation</u> <sup>(2)</sup>	<u>Twelve Months Ended December 31, 2018</u>
Operating Income:	\$1,110.7
+ Depreciation and amortization	320.7
EBITDA:	<u>\$1,431.4</u>

(1) Pursuant to Amendment No. 1 of the Credit Agreement, the maximum leverage ratio increased to 4.00x after the Acxiom closing date on October 2018.

(2) 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 on January 1, 2018. 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.

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# Cautionary Statement

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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.