



THIRD QUARTER 2020  
EARNINGS CONFERENCE CALL

**Interpublic Group**  
**October 21, 2020**

# Overview — Third Quarter 2020

- Net revenue change was -5.2%, and organic change of net revenue was -3.7%, amid COVID-19 macroeconomic disruption
  - U.S. organic change was -2.4%
  - International organic change was -6.0%
- Net income as reported was \$279.7 million, with adjusted EBITA of \$317.2 million before restructuring charges
- Adjusted EBITA margin on net revenue was 16.2% before restructuring charges
- Restructuring charges of \$47.3 million expected to yield permanent annualized operating expense reduction of \$30-40 million
- Diluted earnings per share was \$0.71, and adjusted diluted EPS was \$0.53 excluding amortization of acquired intangibles and restructuring charges, and, below operating income, the net impact of business dispositions and the net benefit of discrete tax items in the quarter
- Balance sheet and liquidity remain strong with \$3.6 billion of total available liquidity

"Organic growth" refers exclusively to the organic change of net revenue. Adjusted EBITA before restructuring charges is calculated as net (loss) income available to IPG common stockholders before (benefit) provision for income taxes, total (expenses) and other income, equity in net (loss) income of unconsolidated affiliates, net loss (income) attributable to noncontrolling interests, amortization of acquired intangibles and restructuring charges. Adjusted diluted EPS is adjusted for amortization of acquired intangibles, restructuring charges, net sales of businesses and the net impact of discrete tax items. See reconciliation of organic net revenue change on pages 19-20 and non-GAAP reconciliation of adjusted results on pages 21-25.

# Operating Performance

	Three Months Ended September 30,	
	2020	2019
<b>Net Revenue</b>	\$ 1,954.6	\$ 2,061.4
Billable Expenses	170.9	376.7
<b>Total Revenue</b>	<b>2,125.5</b>	<b>2,438.1</b>
Salaries and Related Expenses	1,269.9	1,334.4
Office and Other Direct Expenses	307.9	367.9
Billable Expenses	170.9	376.7
<b>Cost of Services</b>	<b>1,748.7</b>	<b>2,079.0</b>
Selling, General and Administrative Expenses	9.9	9.8
Depreciation and Amortization	71.0	69.0
Restructuring Charges	47.3	0.0
<b>Operating Income</b>	<b>248.6</b>	<b>280.3</b>
Interest Expense, net	(44.7)	(40.2)
Other Expense, net	(11.3)	(7.4)
<b>Income Before Income Taxes</b>	<b>192.6</b>	<b>232.7</b>
(Benefit of) Provision for Income Taxes <sup>(1)</sup>	(86.3)	64.6
Equity in Net (Loss) Income of Unconsolidated Affiliates	(0.4)	0.3
<b>Net Income</b>	<b>278.5</b>	<b>168.4</b>
Net Loss (Income) Attributable to Noncontrolling Interests	1.2	(2.8)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 279.7</b>	<b>\$ 165.6</b>
Earnings per Share Available to IPG Common Stockholders - Basic	\$ 0.72	\$ 0.43
Earnings per Share Available to IPG Common Stockholders - Diluted	\$ 0.71	\$ 0.42
Weighted-Average Number of Common Shares Outstanding - Basic	389.6	386.7
Weighted-Average Number of Common Shares Outstanding - Diluted	393.9	391.8
Dividends Declared per Common Share	\$ 0.255	\$ 0.235

<sup>(1)</sup> Includes an income tax benefit of \$136.2 in the third quarter of 2020 in relation to the finalization and settlement of the U.S. Federal income tax audit for years 2006 through 2016.

(\$ in Millions, except per share amounts)

# Net Revenue

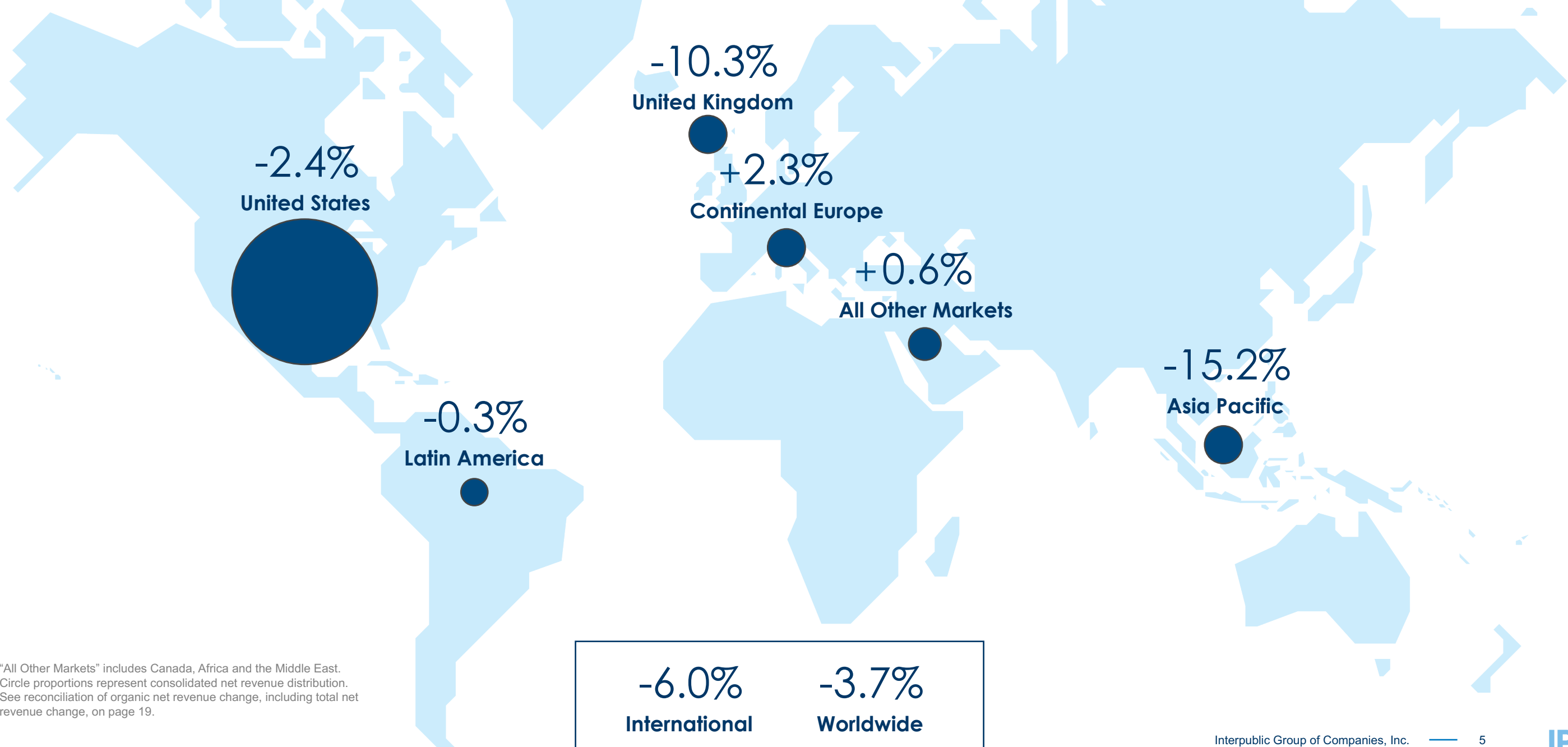
	Three Months Ended		Nine Months Ended	
	\$	% Change	\$	% Change
<b>September 30, 2019</b>	<b>\$ 2,061.4</b>		<b>\$ 6,192.1</b>	
Foreign currency	(6.3)	(0.3%)	(71.7)	(1.2%)
Net acquisitions/(divestitures)	(23.5)	(1.2%)	(58.8)	(1.0%)
Organic	(77.0)	(3.7%)	(281.5)	(4.5%)
<b>Total change</b>	<b>(106.8)</b>	<b>(5.2%)</b>	<b>(412.0)</b>	<b>(6.7%)</b>
<b>September 30, 2020</b>	<b>\$ 1,954.6</b>		<b>\$ 5,780.1</b>	

	Three Months Ended September 30,				Nine Months Ended September 30,			
			Change				Change	
	2020	2019 <sup>(1)</sup>	Organic	Total	2020	2019 <sup>(1)</sup>	Organic	Total
<b>IAN</b>	\$ 1,685.5	\$ 1,739.2	(1.4%)	(3.1%)	\$ 4,935.7	\$ 5,246.4	(3.6%)	(5.9%)
<b>CMG</b>	\$ 269.1	\$ 322.2	(16.5%)	(16.5%)	\$ 844.4	\$ 945.7	(9.8%)	(10.7%)

<sup>(1)</sup> Results for the three months and nine months ended September 30, 2019 have been recast to conform to the current-period presentation. See reconciliation of segment organic net revenue change on pages 19-20.

# Organic Net Revenue Change by Region

Three Months Ended September 30, 2020

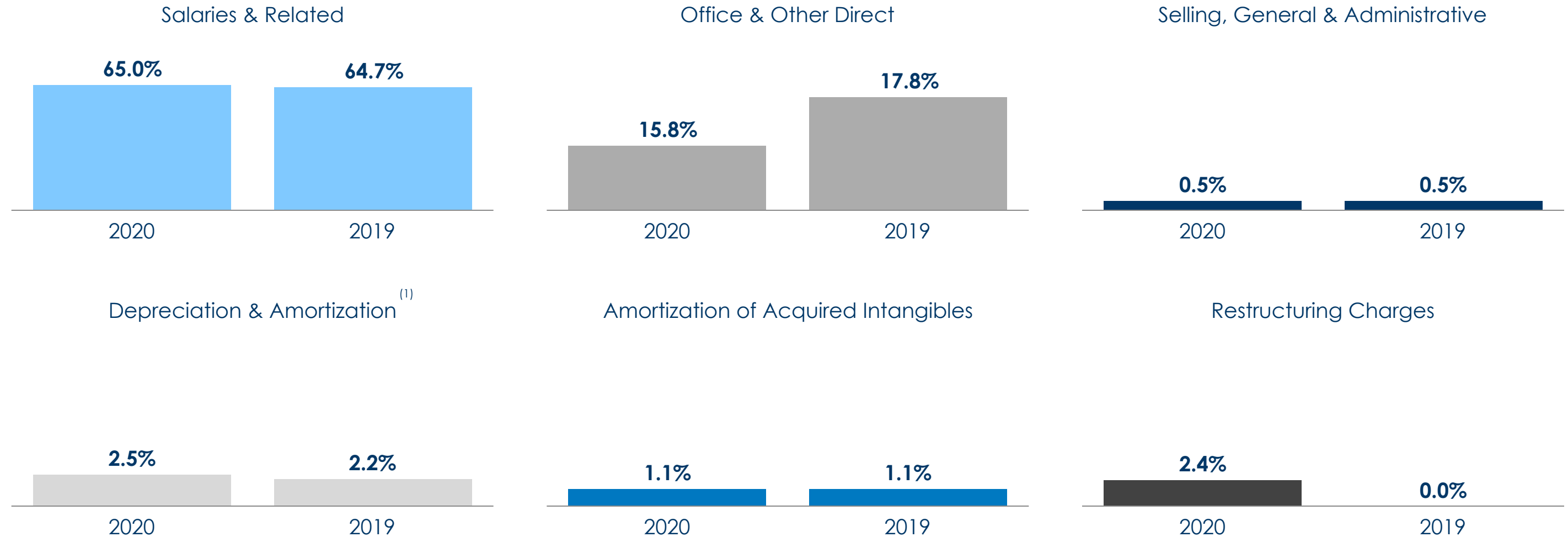


"All Other Markets" includes Canada, Africa and the Middle East.  
Circle proportions represent consolidated net revenue distribution.  
See reconciliation of organic net revenue change, including total net revenue change, on page 19.



# Operating Expenses % of Net Revenue

Three Months Ended September 30



<sup>(1)</sup> Excludes amortization of acquired intangibles.

# Adjusted Diluted Earnings Per Share

Three Months Ended September 30, 2020

	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items <sup>(1)</sup>	Adjusted Results (Non-GAAP)
<b>Operating Income and Adjusted EBITA before Restructuring Charges <sup>(2)</sup></b>	\$ 248.6	\$ (21.3)	\$ (47.3)			\$ 317.2
Total (Expenses) and Other Income <sup>(3)</sup>	(56.0)			\$ (8.6)		(47.4)
<b>Income Before Income Taxes</b>	<b>192.6</b>	<b>(21.3)</b>	<b>(47.3)</b>	<b>(8.6)</b>		<b>269.8</b>
(Benefit of) Provision for Income Taxes	(86.3)	4.3	10.8	2.1	\$ 132.6	63.5
Equity in Net Loss of Unconsolidated Affiliates	(0.4)					(0.4)
Net Loss Attributable to Noncontrolling Interests	1.2					1.2
<b>DILUTED EPS COMPONENTS:</b>						
<b>Net Income Available to IPG Common Stockholders</b>	\$ 279.7	\$ (17.0)	\$ (36.5)	\$ (6.5)	\$ 132.6	\$ 207.1
Weighted-Average Number of Common Shares Outstanding	393.9					393.9
<b>Earnings per Share Available to IPG Common Stockholders <sup>(4)</sup></b>	\$ 0.71	\$ (0.04)	\$ (0.09)	\$ (0.02)	\$ 0.34	\$ 0.53

<sup>(1)</sup> Includes a tax benefit of \$136.2 related to the finalization and settlement of the U.S. Federal income tax audit for years 2006 through 2016 partially offset by \$3.6 of tax expense related to the estimated costs associated with our change in our APB 23 assertion for certain foreign subsidiaries.

<sup>(2)</sup> Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on slide 23.

<sup>(3)</sup> Consists of non-operating expenses including interest expense, net and other expense, net.

<sup>(4)</sup> Earnings per share may not add due to rounding.

See full non-GAAP reconciliation of adjusted diluted earnings per share on page 21.

(\$ in Millions, except per share amounts)

# Adjusted Diluted Earnings Per Share

Nine Months Ended September 30, 2020

	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items <sup>(1)</sup>	Adjusted Results (Non-GAAP)
<b>Operating Income and Adjusted EBITA before Restructuring Charges <sup>(2)</sup></b>	\$ 365.0	\$ (64.4)	\$ (159.9)			\$ 589.3
Total (Expenses) and Other Income <sup>(3)</sup>	(177.3)			\$ (51.8)		(125.5)
<b>Income Before Income Taxes</b>	<b>187.7</b>	<b>(64.4)</b>	<b>(159.9)</b>	<b>(51.8)</b>		<b>463.8</b>
(Benefit of) Provision for Income Taxes	(50.1)	12.7	36.2	3.0	\$ 122.6	124.4
Equity in Net Loss of Unconsolidated Affiliates	(0.6)					(0.6)
Net Loss Attributable to Noncontrolling Interests	1.6					1.6
<b>DILUTED EPS COMPONENTS:</b>						
<b>Net Income Available to IPG Common Stockholders</b>	\$ 238.8	\$ (51.7)	\$ (123.7)	\$ (48.8)	\$ 122.6	\$ 340.4
Weighted-Average Number of Common Shares Outstanding	392.6					392.6
<b>Earnings per Share Available to IPG Common Stockholders <sup>(4)</sup></b>	\$ 0.61	\$ (0.13)	\$ (0.32)	\$ (0.12)	\$ 0.31	\$ 0.87

<sup>(1)</sup> Includes a tax benefit of \$136.2 related to the finalization and settlement of the U.S. Federal income tax audit for years 2006 through 2016 partially offset by \$13.6 of tax expense related to the estimated costs associated with our change in our APB 23 assertion for certain foreign subsidiaries.

<sup>(2)</sup> Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on slide 23.

<sup>(3)</sup> Consists of non-operating expenses including interest expense, net and other expense, net.

<sup>(4)</sup> Earnings per share may not add due to rounding.

See full non-GAAP reconciliation of adjusted diluted earnings per share on page 22.

(\$ in Millions, except per share amounts)



# Cash Flow

		Three Months Ended September 30,	
		2020	2019
<b>Net Income</b>		<b>\$ 278.5</b>	<b>\$ 168.4</b>
<b>OPERATING ACTIVITIES:</b>	Depreciation & amortization	94.9	85.6
	Non-cash restructuring charges	28.1	—
	Other non-cash items	19.5	0.4
	Deferred taxes	11.7	1.5
	Net losses on sales of businesses	8.6	7.7
	Change in working capital, net	376.8	(47.2)
	Change in other non-current assets & liabilities	(128.8)	8.2
	<b>Net cash provided by Operating Activities</b>	<b>689.3</b>	<b>224.6</b>
<b>INVESTING ACTIVITIES:</b>	Capital expenditures	(40.1)	(53.7)
	Other investing activities	0.9	10.9
	<b>Net cash used in Investing Activities</b>	<b>(39.2)</b>	<b>(42.8)</b>
<b>FINANCING ACTIVITIES:</b>	Exercise of stock options	0.0	3.6
	Common stock dividends	(99.4)	(90.8)
	Acquisition-related payments	(8.3)	(2.3)
	Distributions to noncontrolling interests	(4.3)	(4.3)
	Net (decrease) increase in short-term borrowings	(0.6)	40.8
	Tax payments for employee shares withheld	(0.4)	(0.3)
	Repayment of long-term debt	(0.4)	(200.1)
	Other financing activities	(2.0)	0.1
	<b>Net cash used in Financing Activities</b>	<b>(115.4)</b>	<b>(253.3)</b>
	Currency effect	8.6	(21.4)
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>		<b>\$ 543.3</b>	<b>\$ (92.9)</b>

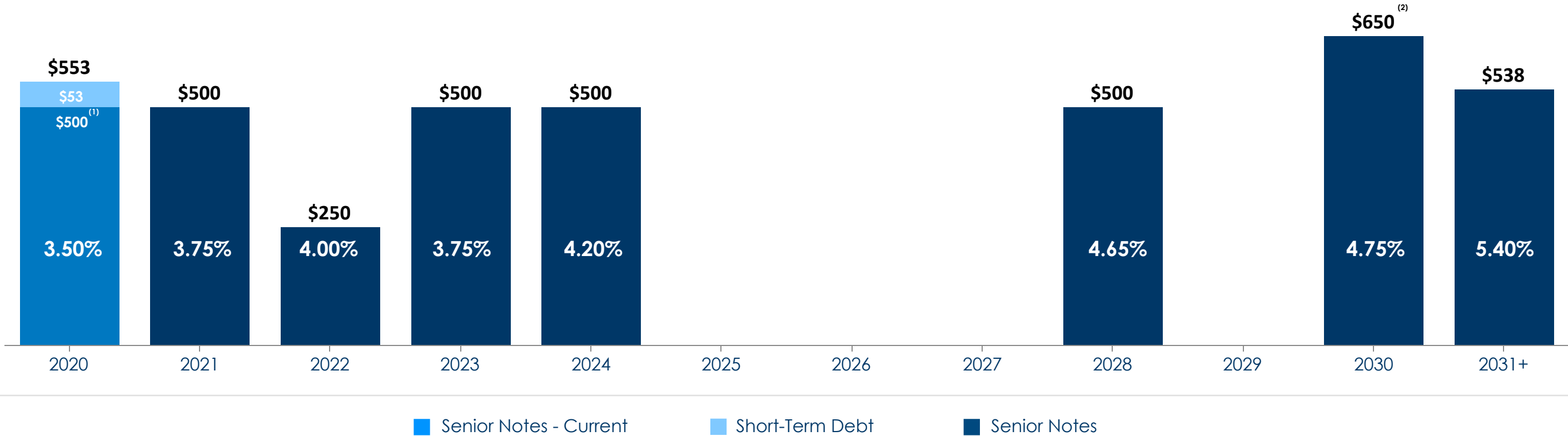
# Balance Sheet — Current Portion

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 1,628.0	\$ 1,192.2	\$ 520.5
Accounts receivable, net	3,297.4	5,209.2	4,047.8
Accounts receivable, billable to clients	1,817.2	1,934.1	2,018.7
Assets held for sale	20.0	22.8	22.8
Other current assets	521.7	412.4	440.2
<b>Total current assets</b>	<b>\$ 7,284.3</b>	<b>\$ 8,770.7</b>	<b>\$ 7,050.0</b>
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 5,105.9	\$ 7,205.4	\$ 5,656.0
Accrued liabilities	644.7	742.8	634.3
Contract liabilities	611.3	585.6	562.4
Short-term borrowings	46.3	52.4	244.8
Current portion of long-term debt	506.6	502.0	3.3
Current portion of operating leases	263.6	267.2	261.6
Liabilities held for sale	49.5	65.0	36.0
<b>Total current liabilities</b>	<b>\$ 7,227.9</b>	<b>\$ 9,420.4</b>	<b>\$ 7,398.4</b>

(\$ in Millions)

# Debt Maturity Schedule

Total Debt = \$4.0 billion



<sup>(1)</sup> Senior Notes due on October 1, 2020.

<sup>(2)</sup> On March 30, 2020, we issued a total of \$650 in aggregate principal amount of unsecured senior notes due March 30, 2030. Senior Notes shown at face value on September 30, 2020.

(\$ in Millions)



# Summary

- Intense focus on navigating the impact of COVID-19
- 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
- Continued investment in our leading talent, tools and services
- Effective expense management an ongoing priority
- Financial strength an ongoing source of value creation



# Appendix

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# Operating Performance

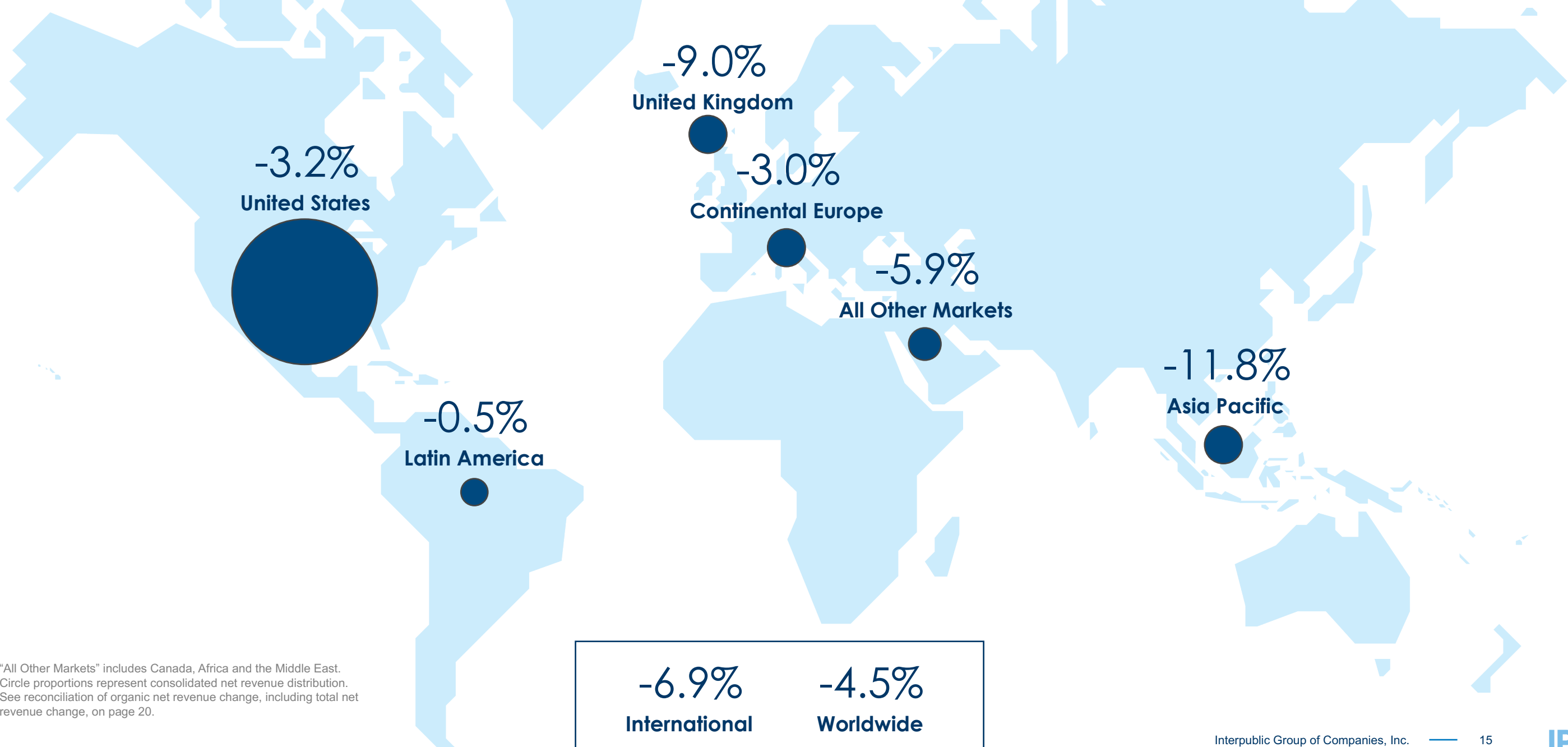
	Nine Months Ended September 30,	
	2020	2019
<b>Net Revenue</b>	\$ 5,780.1	\$ 6,192.1
Billable Expenses	730.9	1,127.4
<b>Total Revenue</b>	<b>6,511.0</b>	<b>7,319.5</b>
Salaries and Related Expenses	3,998.8	4,136.7
Office and Other Direct Expenses	1,003.1	1,144.4
Billable Expenses	730.9	1,127.4
<b>Cost of Services</b>	<b>5,732.8</b>	<b>6,408.5</b>
Selling, General and Administrative Expenses	36.4	69.3
Depreciation and Amortization	216.9	213.1
Restructuring Charges	159.9	33.9
<b>Operating Income</b>	<b>365.0</b>	<b>594.7</b>
Interest Expense, net	(122.7)	(126.1)
Other Expense, net	(54.6)	(18.1)
<b>Income Before Income Taxes</b>	<b>187.7</b>	<b>450.5</b>
(Benefit of) Provision for Income Taxes <sup>(1)</sup>	(50.1)	118.7
Equity in Net Loss of Unconsolidated Affiliates	(0.6)	(0.1)
<b>Net Income</b>	<b>237.2</b>	<b>331.7</b>
Net Loss (Income) Attributable to Noncontrolling Interests	1.6	(4.6)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 238.8</b>	<b>\$ 327.1</b>
Earnings per Share Available to IPG Common Stockholders - Basic	\$ 0.61	\$ 0.85
Earnings per Share Available to IPG Common Stockholders - Diluted	\$ 0.61	\$ 0.84
Weighted-Average Number of Common Shares Outstanding - Basic	388.9	385.8
Weighted-Average Number of Common Shares Outstanding - Diluted	392.6	390.3
Dividends Declared per Common Share	\$ 0.765	\$ 0.705

<sup>(1)</sup> Includes an income tax benefit of \$136.2 in the third quarter of 2020 in relation to the finalization and settlement of the U.S. Federal income audit for years 2006 through 2016.

(\$ in Millions, except per share amounts)

# Organic Net Revenue Change by Region

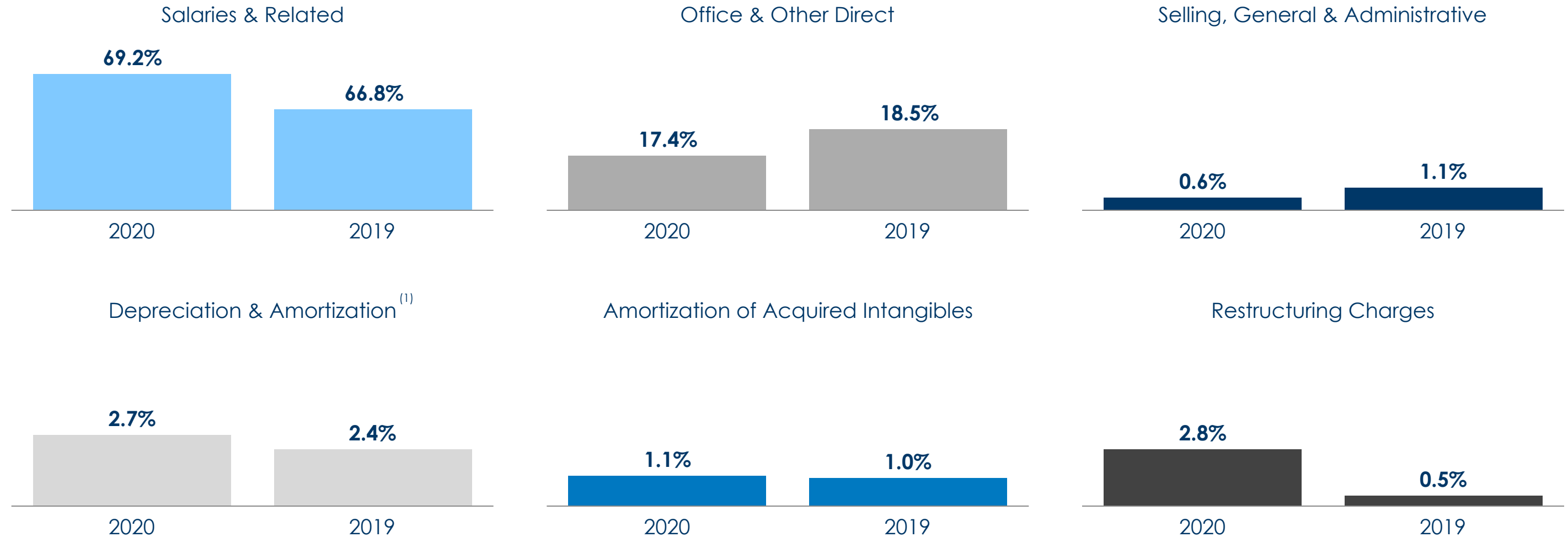
Nine Months Ended September 30, 2020



"All Other Markets" includes Canada, Africa and the Middle East.  
Circle proportions represent consolidated net revenue distribution.  
See reconciliation of organic net revenue change, including total net revenue change, on page 20.

# Operating Expenses % of Net Revenue

Nine Months Ended September 30



<sup>(1)</sup> Excludes amortization of acquired intangibles.



# Cash Flow

		Nine Months Ended September 30,	
		2020	2019
<b>Net Income</b>		<b>\$ 237.2</b>	<b>\$ 331.7</b>
<b>OPERATING ACTIVITIES:</b>	Depreciation & amortization	281.9	278.4
	Non-cash restructuring charges	95.7	11.7
	Other non-cash items	70.5	6.1
	Net losses on sales of businesses	51.8	19.5
	Deferred taxes	(9.4)	(1.5)
	Change in working capital, net	(259.7)	(160.3)
	Change in other non-current assets & liabilities	(142.9)	(62.0)
	<b>Net cash provided by Operating Activities</b>	<b>325.1</b>	<b>423.6</b>
<b>INVESTING ACTIVITIES:</b>	Capital expenditures	(112.0)	(133.8)
	Acquisitions, net of cash acquired	(2.5)	(0.6)
	Other investing activities	(18.0)	13.7
	<b>Net cash used in Investing Activities</b>	<b>(132.5)</b>	<b>(120.7)</b>
<b>FINANCING ACTIVITIES:</b>	Proceeds from long-term debt	646.2	0.0
	Net increase in short-term borrowings	1.9	173.1
	Exercise of stock options	0.0	4.2
	Common stock dividends	(298.6)	(272.2)
	Acquisition-related payments	(40.6)	(15.3)
	Tax payments for employee shares withheld	(22.2)	(22.3)
	Distributions to noncontrolling interests	(13.7)	(12.4)
	Repayment of long-term debt	(0.5)	(300.2)
	Other financing activities	(10.2)	0.1
	<b>Net cash provided by (used in) Financing Activities</b>	<b>262.3</b>	<b>(445.0)</b>
	Currency effect	(20.3)	(11.1)
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>		<b>\$ 434.6</b>	<b>\$ (153.2)</b>

# Depreciation and Amortization

	2020				YTD 2020
	Q1	Q2	Q3	Q4	
Depreciation and amortization <sup>(1)</sup>	\$ 51.5	\$ 51.3	\$ 49.7		\$ 152.5
Amortization of acquired intangibles	21.3	21.8	21.3		64.4
Amortization of restricted stock and other non-cash compensation	23.2	12.6	20.6		56.4
Net amortization of bond discounts and deferred financing costs	2.3	3.0	3.3		8.6

	2019				FY 2019
	Q1	Q2	Q3	Q4	
Depreciation and amortization <sup>(1)</sup>	\$ 49.5	\$ 51.7	\$ 47.3	\$ 44.0	\$ 192.5
Amortization of acquired intangibles	21.6	21.3	21.7	21.4	86.0
Amortization of restricted stock and other non-cash compensation	28.2	15.9	14.2	21.9	80.2
Net amortization of bond discounts and deferred financing costs	2.3	2.3	2.4	2.3	9.3

<sup>(1)</sup> Excludes amortization of acquired intangibles.

(\$ in Millions)

# Reconciliation of Organic Net Revenue

		Three Months Ended September 30, 2019	Components of Change			Three Months Ended September 30, 2020	Change	
			Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
<b>SEGMENT:</b>	IAN <sup>(1)</sup>	\$ 1,739.2	\$ (8.3)	\$ (21.6)	\$ (23.8)	\$ 1,685.5	(1.4%)	(3.1%)
	CMG <sup>(1)</sup>	322.2	2.0	(1.9)	(53.2)	269.1	(16.5%)	(16.5%)
	<b>Total</b>	<b>\$ 2,061.4</b>	<b>\$ (6.3)</b>	<b>\$ (23.5)</b>	<b>\$ (77.0)</b>	<b>\$ 1,954.6</b>	<b>(3.7%)</b>	<b>(5.2%)</b>
<b>GEOGRAPHIC:</b>	<b>United States</b>	<b>\$ 1,313.0</b>	<b>\$ —</b>	<b>\$ (7.6)</b>	<b>\$ (32.0)</b>	<b>\$ 1,273.4</b>	<b>(2.4%)</b>	<b>(3.0%)</b>
	<b>International</b>	<b>748.4</b>	<b>(6.3)</b>	<b>(15.9)</b>	<b>(45.0)</b>	<b>681.2</b>	<b>(6.0%)</b>	<b>(9.0%)</b>
	United Kingdom	172.1	7.1	0.6	(17.8)	162.0	(10.3%)	(5.9%)
	Continental Europe	155.7	6.1	(7.4)	3.6	158.0	2.3%	1.5%
	Asia Pacific	205.0	(0.3)	(7.5)	(31.2)	166.0	(15.2%)	(19.0%)
	Latin America	97.8	(17.5)	(1.5)	(0.3)	78.5	(0.3%)	(19.7%)
	All Other Markets	117.8	(1.7)	(0.1)	0.7	116.7	0.6%	(0.9%)
	<b>Worldwide</b>	<b>\$ 2,061.4</b>	<b>\$ (6.3)</b>	<b>\$ (23.5)</b>	<b>\$ (77.0)</b>	<b>\$ 1,954.6</b>	<b>(3.7%)</b>	<b>(5.2%)</b>

<sup>(1)</sup> Results for the three months ended September 30, 2019 have been recast to conform to the current-period presentation.

(\$ in Millions)

# Reconciliation of Organic Net Revenue

		Nine Months Ended September 30, 2019	Components of Change			Nine Months Ended September 30, 2020	Change	
			Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
<b>SEGMENT:</b>	IAN <sup>(1)</sup>	\$ 5,246.4	\$ (66.9)	\$ (55.2)	\$ (188.6)	\$ 4,935.7	(3.6%)	(5.9%)
	CMG <sup>(1)</sup>	945.7	(4.8)	(3.6)	(92.9)	844.4	(9.8%)	(10.7%)
	<b>Total</b>	<b>\$ 6,192.1</b>	<b>\$ (71.7)</b>	<b>\$ (58.8)</b>	<b>\$ (281.5)</b>	<b>\$ 5,780.1</b>	<b>(4.5%)</b>	<b>(6.7%)</b>
<b>GEOGRAPHIC:</b>	<b>United States</b>	<b>\$ 3,964.8</b>	<b>\$ —</b>	<b>\$ (15.7)</b>	<b>\$ (128.5)</b>	<b>\$ 3,820.6</b>	<b>(3.2%)</b>	<b>(3.6%)</b>
	<b>International</b>	<b>2,227.3</b>	<b>(71.7)</b>	<b>(43.1)</b>	<b>(153.0)</b>	<b>1,959.5</b>	<b>(6.9%)</b>	<b>(12.0%)</b>
	United Kingdom	522.8	(2.0)	1.1	(47.0)	474.9	(9.0%)	(9.2%)
	Continental Europe	495.8	(4.6)	(22.7)	(14.8)	453.7	(3.0%)	(8.5%)
	Asia Pacific	588.1	(12.3)	(19.0)	(69.4)	487.4	(11.8%)	(17.1%)
	Latin America	270.2	(46.6)	(2.2)	(1.3)	220.1	(0.5%)	(18.5%)
	All Other Markets	350.4	(6.2)	(0.3)	(20.5)	323.4	(5.9%)	(7.7%)
	<b>Worldwide</b>	<b>\$ 6,192.1</b>	<b>\$ (71.7)</b>	<b>\$ (58.8)</b>	<b>\$ (281.5)</b>	<b>\$ 5,780.1</b>	<b>(4.5%)</b>	<b>(6.7%)</b>

<sup>(1)</sup> Results for the nine months ended September 30, 2019 have been recast to conform to the current-period presentation.

(\$ in Millions)

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

	Three Months Ended September 30, 2020					
	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items <sup>(2)</sup>	Adjusted Results (Non-GAAP)
<b>Operating Income and Adjusted EBITA before Restructuring Charges <sup>(3)</sup></b>	<b>\$ 248.6</b>	<b>\$ (21.3)</b>	<b>\$ (47.3)</b>			<b>\$ 317.2</b>
Total (Expenses) and Other Income <sup>(4)</sup>	(56.0)			\$ (8.6)		(47.4)
<b>Income Before Income Taxes</b>	<b>192.6</b>	<b>(21.3)</b>	<b>(47.3)</b>	<b>(8.6)</b>		<b>269.8</b>
(Benefit of) Provision for Income Taxes	(86.3)	4.3	10.8	2.1	\$ 132.6	63.5
Equity in Net Loss of Unconsolidated Affiliates	(0.4)					(0.4)
Net Loss Attributable to Noncontrolling Interests	1.2					1.2
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 279.7</b>	<b>\$ (17.0)</b>	<b>\$ (36.5)</b>	<b>\$ (6.5)</b>	<b>\$ 132.6</b>	<b>\$ 207.1</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	<b>389.6</b>					<b>389.6</b>
Dilutive effect of stock options and restricted shares	4.3					4.3
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>393.9</b>					<b>393.9</b>
<b>Earnings per Share Available to IPG Common Stockholders <sup>(5)</sup>:</b>						
Basic	\$ 0.72	\$ (0.04)	\$ (0.09)	\$ (0.02)	\$ 0.34	\$ 0.53
Diluted	\$ 0.71	\$ (0.04)	\$ (0.09)	\$ (0.02)	\$ 0.34	\$ 0.53

<sup>(1)</sup> The 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.

<sup>(2)</sup> Includes a tax benefit of \$136.2 related to the finalization and settlement of the U.S. Federal income tax audit for years 2006 through 2016 partially offset by \$3.6 of tax expense related to the estimated costs associated with our change in our APB 23 assertion for certain foreign subsidiaries.

<sup>(3)</sup> Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on slide 23.

<sup>(4)</sup> Consists of non-operating expenses including interest expense, net and other expense, net.

<sup>(5)</sup> Earnings per share may not add due to rounding.

(\$ in Millions, except per share amounts)

Interpublic Group of Companies, Inc. — 21



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

	Nine Months Ended September 30, 2020					
	As Reported	Amortization of Acquired Intangibles	Restructuring Charges	Net Losses on Sales of Businesses	Net Impact of Various Discrete Tax Items <sup>(2)</sup>	Adjusted Results (Non-GAAP)
<b>Operating Income and Adjusted EBITA before Restructuring Charges <sup>(3)</sup></b>	<b>\$ 365.0</b>	<b>\$ (64.4)</b>	<b>\$ (159.9)</b>			<b>\$ 589.3</b>
Total (Expenses) and Other Income <sup>(4)</sup>	(177.3)			\$ (51.8)		(125.5)
<b>Income Before Income Taxes</b>	<b>187.7</b>	<b>(64.4)</b>	<b>(159.9)</b>	<b>(51.8)</b>		<b>463.8</b>
(Benefit of) Provision for Income Taxes	(50.1)	12.7	36.2	3.0	\$ 122.6	124.4
Equity in Net Loss of Unconsolidated Affiliates	(0.6)					(0.6)
Net Loss Attributable to Noncontrolling Interests	1.6					1.6
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 238.8</b>	<b>\$ (51.7)</b>	<b>\$ (123.7)</b>	<b>\$ (48.8)</b>	<b>\$ 122.6</b>	<b>\$ 340.4</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	<b>388.9</b>					<b>388.9</b>
Dilutive effect of stock options and restricted shares	3.7					3.7
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>392.6</b>					<b>392.6</b>
<b>Earnings per Share Available to IPG Common Stockholders <sup>(5)</sup>:</b>						
Basic	\$ 0.61	\$ (0.13)	\$ (0.32)	\$ (0.13)	\$ 0.32	\$ 0.88
Diluted	\$ 0.61	\$ (0.13)	\$ (0.32)	\$ (0.12)	\$ 0.31	\$ 0.87

<sup>(1)</sup> The 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.

<sup>(2)</sup> Includes a tax benefit of \$136.2 related to the finalization and settlement of the U.S. Federal income tax audit for years 2006 through 2016 partially offset by \$13.6 of tax expense related to the estimated costs associated with our change in our APB 23 assertion for certain foreign subsidiaries.

<sup>(3)</sup> Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on slide 23.

<sup>(4)</sup> Consists of non-operating expenses including interest expense, net and other expense, net.

<sup>(5)</sup> Earnings per share may not add due to rounding.

(\$ in Millions, except per share amounts)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Net Revenue</b>	\$ 1,954.6	\$ 2,061.4	\$ 5,780.1	\$ 6,192.1
<b>Non-GAAP Reconciliation:</b>				
<b>Net Income Available to IPG Common Stockholders</b>	\$ 279.7	\$ 165.6	\$ 238.8	\$ 327.1
<b>Add Back:</b>				
(Benefit of) Provision for Income Taxes	(86.3)	64.6	(50.1)	118.7
<b>Subtract:</b>				
Total (Expenses) and Other Income	(56.0)	(47.6)	(177.3)	(144.2)
Equity in Net (Loss) Income of Unconsolidated Affiliates	(0.4)	0.3	(0.6)	(0.1)
Net Loss (Income) Attributable to Noncontrolling Interests	1.2	(2.8)	1.6	(4.6)
<b>Operating Income</b>	\$ 248.6	\$ 280.3	\$ 365.0	\$ 594.7
<b>Add Back:</b>				
Amortization of Acquired Intangibles	21.3	21.7	64.4	64.6
<b>Adjusted EBITA</b>	\$ 269.9	\$ 302.0	\$ 429.4	\$ 659.3
<b>Adjusted EBITA Margin on Net Revenue %</b>	13.8 %	14.7 %	7.4 %	10.6 %
Restructuring Charges <sup>(2)</sup>	\$ 47.3	N/A	\$ 159.9	\$ 31.8
<b>Adjusted EBITA before Restructuring Charges</b>	\$ 317.2	N/A	\$ 589.3	\$ 691.1
<b>Adjusted EBITA before Restructuring Charges Margin on Net Revenue %</b>	16.2 %	N/A	10.2 %	11.2 %

<sup>(1)</sup> The 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.

<sup>(2)</sup> In the second and third quarters of 2020, the Company took restructuring actions to lower our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business. The adjustment of \$31.8 for restructuring charges for the nine months ended September 30, 2019 only includes restructuring charges from the first quarter of 2019, which relate to a cost initiative to better align our cost structure with our revenue due to client losses occurred in 2018.

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

	Three Months Ended September 30, 2019			
	As Reported	Amortization of Acquired Intangibles	Net Losses on Sales of Businesses	Adjusted Results (Non-GAAP)
<b>Operating Income and Adjusted EBITA <sup>(2)</sup></b>	<b>\$ 280.3</b>	<b>\$ (21.7)</b>		<b>\$ 302.0</b>
Total (Expenses) and Other Income <sup>(3)</sup>	(47.6)		\$ (7.7)	(39.9)
<b>Income Before Income Taxes</b>	<b>232.7</b>	<b>(21.7)</b>	<b>(7.7)</b>	<b>262.1</b>
Provision for Income Taxes	64.6	4.2	—	68.8
Equity in Net Income of Unconsolidated Affiliates	0.3			0.3
Net Income Attributable to Noncontrolling Interests	(2.8)			(2.8)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 165.6</b>	<b>\$ (17.5)</b>	<b>\$ (7.7)</b>	<b>\$ 190.8</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	<b>386.7</b>			<b>386.7</b>
Dilutive effect of stock options and restricted shares	5.1			5.1
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>391.8</b>			<b>391.8</b>
<b>Earnings per Share Available to IPG Common Stockholders <sup>(4)</sup>:</b>				
Basic	\$ 0.43	\$ (0.05)	\$ (0.02)	\$ 0.49
Diluted	\$ 0.42	\$ (0.04)	\$ (0.02)	\$ 0.49

<sup>(1)</sup> The 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.

<sup>(2)</sup> Refer to non-GAAP reconciliation of Adjusted EBITA on slide 23.

<sup>(3)</sup> Consists of non-operating expenses including interest expense, net and other expense, net.

<sup>(4)</sup> Earnings per share may not add due to rounding.



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

	Nine Months Ended September 30, 2019					
	As Reported	Amortization of Acquired Intangibles	Q1 2019 Restructuring Charges	Net Losses on Sales of Businesses	Settlement of Certain Tax Positions	Adjusted Results (Non-GAAP)
<b>Operating Income and Adjusted EBITA before Restructuring Charges <sup>(2)</sup></b>	\$ 594.7	\$ (64.6)	\$ (31.8)			\$ 691.1
Total (Expenses) and Other Income <sup>(3)</sup>	(144.2)			\$ (22.3)		(121.9)
<b>Income Before Income Taxes</b>	<b>450.5</b>	<b>(64.6)</b>	<b>(31.8)</b>	<b>(22.3)</b>		<b>569.2</b>
Provision for Income Taxes	118.7	12.6	7.6	—	\$ 13.9	152.8
Equity in Net Loss of Unconsolidated Affiliates	(0.1)					(0.1)
Net Income Attributable to Noncontrolling Interests	(4.6)					(4.6)
<b>Net Income Available to IPG Common Stockholders</b>	<b>\$ 327.1</b>	<b>\$ (52.0)</b>	<b>\$ (24.2)</b>	<b>\$ (22.3)</b>	<b>\$ 13.9</b>	<b>\$ 411.7</b>
<b>Weighted-Average Number of Common Shares Outstanding - Basic</b>	<b>385.8</b>					<b>385.8</b>
Dilutive effect of stock options and restricted shares	4.5					4.5
<b>Weighted-Average Number of Common Shares Outstanding - Diluted</b>	<b>390.3</b>					<b>390.3</b>
<b>Earnings per Share Available to IPG Common Stockholders <sup>(4)</sup>:</b>						
Basic	\$ 0.85	\$ (0.13)	\$ (0.06)	\$ (0.06)	\$ 0.04	\$ 1.07
Diluted	\$ 0.84	\$ (0.13)	\$ (0.06)	\$ (0.06)	\$ 0.04	\$ 1.05

<sup>(1)</sup> The 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.

<sup>(2)</sup> Refer to non-GAAP reconciliation of Adjusted EBITA before Restructuring Charges on slide 23.

<sup>(3)</sup> Consists of non-operating expenses including interest expense, net and other expense, net.

<sup>(4)</sup> Earnings per share may not add due to rounding.

(\$ in Millions, except per share amounts)



# Metrics Update

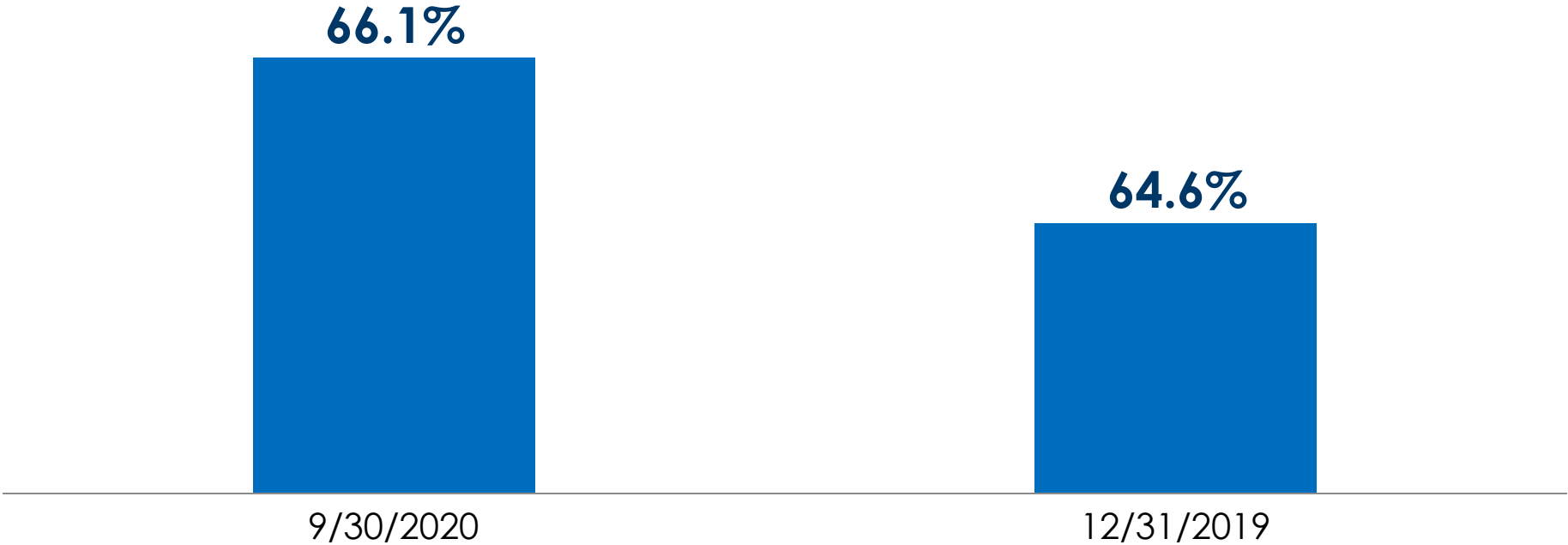
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# Metrics Update

CATEGORY:	SALARIES & RELATED (% of net revenue)	OFFICE & OTHER DIRECT (% of net revenue)	FINANCIAL
<b>METRIC:</b>	Trailing Twelve Months	Trailing Twelve Months	Available Liquidity
	Base, Benefits & Tax	Occupancy Expense	Credit Facilities Covenant
	Incentive Expense	All Other Office and Other Direct Expenses	
	Severance Expense		
	Temporary Help		

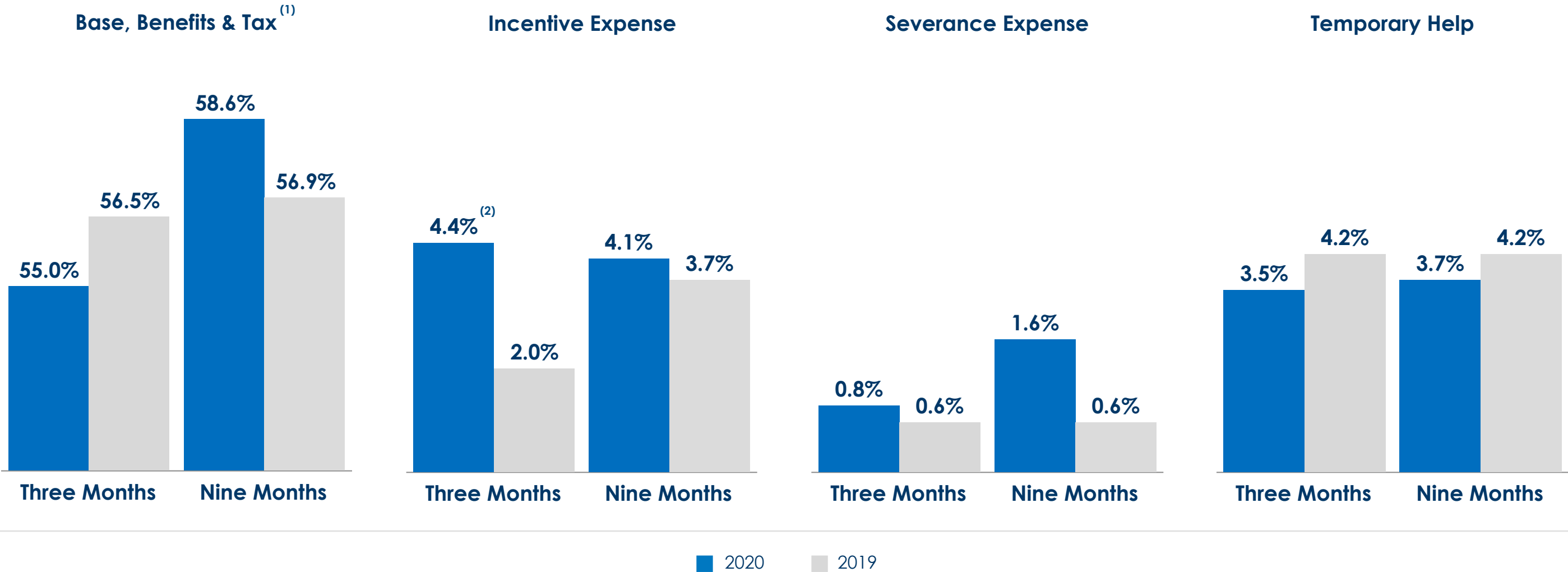
# Salaries & Related Expenses

% of Net Revenue, Trailing Twelve Months



# Salaries & Related Expenses (% of Net Revenue)

Three and Nine Months Ended September 30



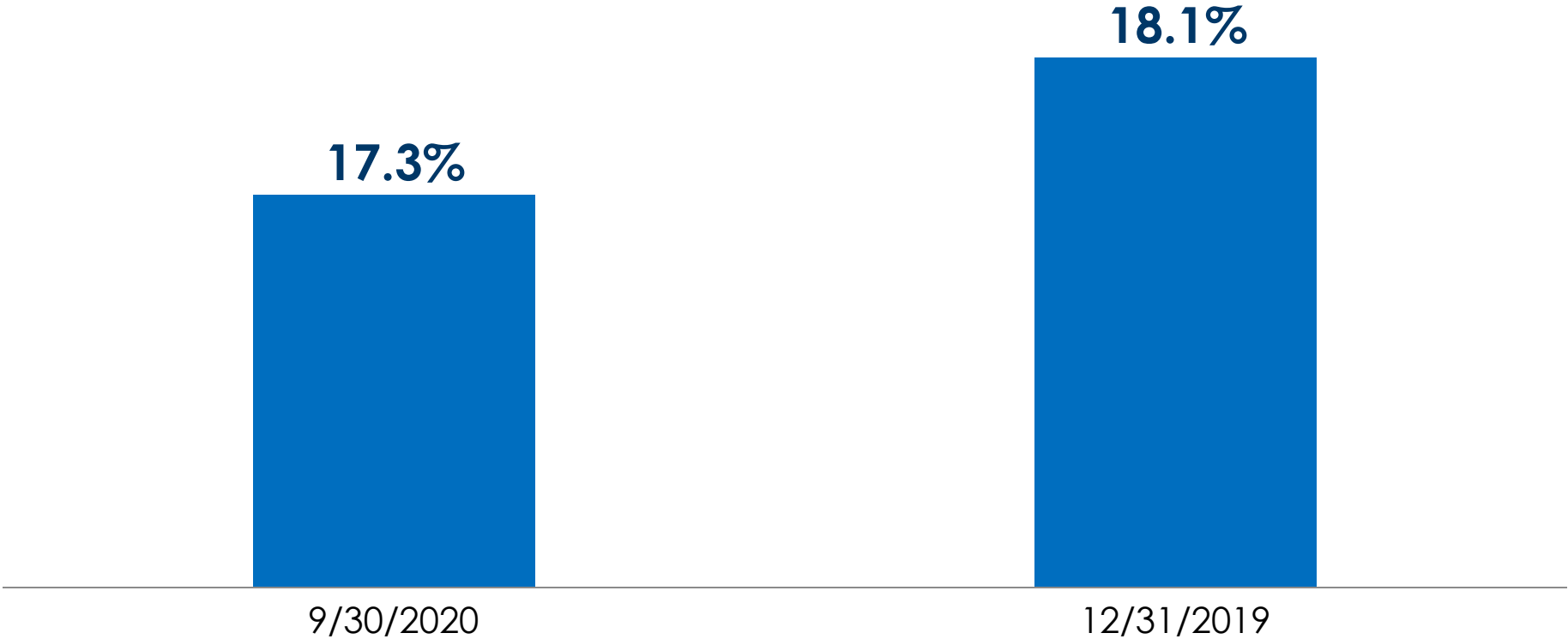
<sup>(1)</sup> Base, Benefits & Tax expense for the nine months ended September 30, 2020 decreased compared to the same period in 2019.

<sup>(2)</sup> The increase in incentive expense for the quarter is related to better than projected performance in the quarter as well as timing related adjustments in the comparable prior-year quarter.

“All Other Salaries & Related,” not shown, was 1.3% and 1.4% for the three months ended September 30, 2020 and 2019, respectively, and 1.2% and 1.4% for the nine months ended September 30, 2020 and 2019, respectively. Certain information for the prior period has been recast to conform to the current-period presentation.

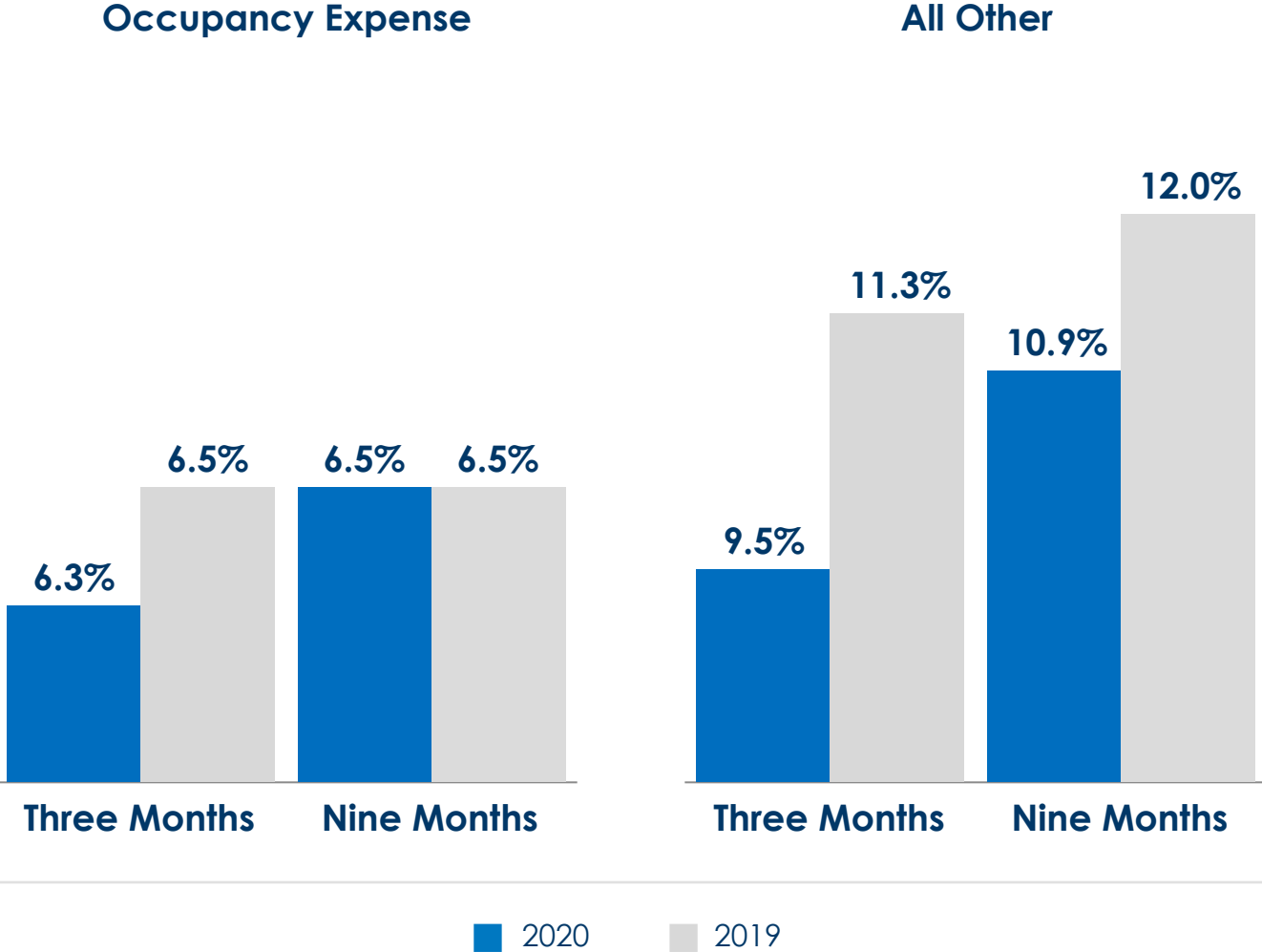
# Office & Other Direct Expenses

% of Net Revenue, Trailing Twelve Months



# Office & Other Direct Expenses (% of Net Revenue)

Three and Nine Months Ended September 30

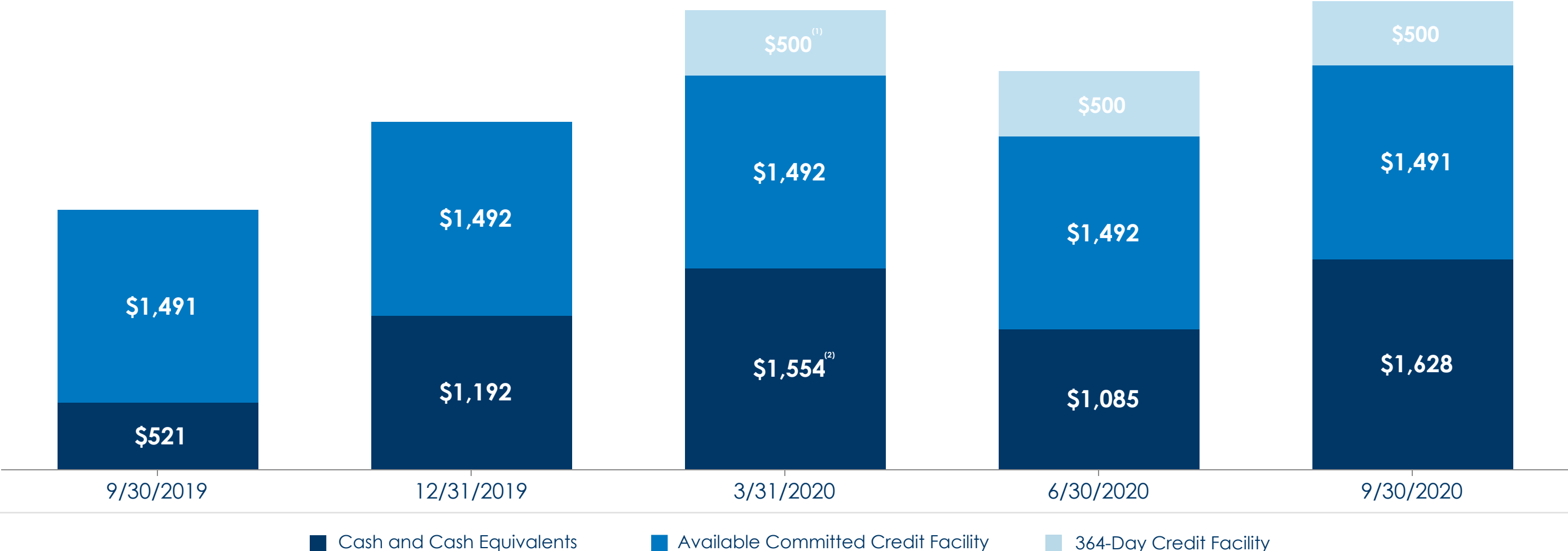


"All Other" primarily includes client service costs, non-pass through production expenses, travel and entertainment, professional fees, spending to support new business activity, telecommunications, office supplies, bad debt expense, adjustments to contingent acquisition obligations, foreign currency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



# Available Liquidity

Cash, Cash Equivalents + Available Committed Credit Facilities



<sup>(1)</sup> In March 2020, we entered into an agreement for a 364-day revolving credit facility.  
<sup>(2)</sup> Includes net proceeds from our March 2020 debt issuance of \$650 aggregate principal amount of Senior Notes.

(\$ in Millions)





# Credit Facilities Covenant <sup>(1)</sup>

Covenants	Four Quarters Ended September 30, 2020
Leverage Ratio (not greater than) <sup>(2) (3)</sup>	4.25x
<b>Actual Leverage Ratio</b>	<b>3.01x</b>

CREDIT AGREEMENT EBITDA RECONCILIATION:	Four Quarters Ended September 30, 2020
Net Income Available to IPG Common Stockholders	\$ 567.7
+ Non-Operating Adjustments <sup>(4)</sup>	288.6
Operating Income	\$ 856.3
+ Depreciation and Amortization	388.5
+ Other Non-cash Charges Reducing Operating Income	74.0
<b>Credit Agreement EBITDA <sup>(2)</sup>:</b>	<b>\$ 1,318.8</b>

<sup>(1)</sup> The leverage ratio financial covenant applies to both our committed corporate credit facility, amended and restated as of November 1, 2019, ( the "Credit Agreement") and our 364-day credit facility entered into on March 27, 2020 (the "364-Day Credit Facility").

<sup>(2)</sup> The leverage ratio is defined as debt as of the last day of such fiscal quarter to EBITDA (as defined in the Credit Agreement and the 364-Day Credit Facility) for the four quarters then ended.

<sup>(3)</sup> On July 28, 2020, we entered into Amendment No. 1 to the Credit Agreement and Amendment No. 1 to the 364-Day Credit Facility (together, the "Amendments"). The Amendments increased the maximum leverage ratio covenant to 4.25x in the case of the 364-Day Credit Facility and, in the case of the Credit Agreement, to (i) 4.25x through the quarter ended June 30, 2021, and (ii) 3.50x thereafter.

<sup>(4)</sup> Includes adjustments of the following items from our consolidated statement of operations: provision for income taxes, total (expenses) and other income, equity in net income of unconsolidated affiliates, and net loss attributable to noncontrolling interests.

# 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 under item 1A, *Risk Factors*, in our most recent Annual Report on Form 10-K and our quarterly reports on Form 10-Q 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:

- the effects of a challenging economy on the demand for our advertising and marketing services, on our clients' financial condition and on our business or financial condition;
- the outbreak of the novel coronavirus (COVID-19), including the measures to contain its spread, and the impact on the economy and demand for our services, which may precipitate or exacerbate other risks and uncertainties;
- 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 under Item 1A, *Risk Factors*, in our most recent Annual Report on Form 10-K and our quarterly reports on Form 10-Q and our other SEC filings.