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S4 Capital plc (“S⁴Capital” or “the Company”)

First Quarter Trading Update Continued strong growth

S⁴Capital plc (SFOR.L), the new era digital advertising and marketing services company, provides the following trading update for the three-month period ending 31 March, 2019.

The group continued to deliver very strong growth in line with expectations in the first quarter, at the level required to achieve the group’s three year plan of doubling its size organically on a like-for-like basis. The group continues to trade in line with budget and its objectives for 2019. The quarter one revised forecast indicates revenue, gross profit and earnings before interest, depreciation and amortisation growth above budget for the year.

Reported revenue was up over 38% to £40.9 million and gross profit up over 37% to £32.8 million. Like-for-like revenues and gross profit, i.e. excluding acquisitions (there were none in this reporting period) and in constant currency, were up 35% and 34% respectively, reflecting the relative strength of the pound sterling against the US dollar during the first quarter.

The group’s digital content business, MediaMonks, representing approximately two-thirds of total gross profit was up over 27% in reported revenues and 22% in gross profit and up 25% and 20% like-for-like.

The group’s programmatic media planning and buying business, MightyHive, representing the other third of total gross profit was up 80% in reported revenues and 81% in reported gross profit, with 70% and 71% like-for-like.

Geographically, all regions showed very strong growth. The Americas, representing 65% of total revenues, reported revenues and gross profit up 31% and 31%, EMEA, representing 27%, up 41% and 38%, and Asia-Pacific, representing the remaining 7%, up 134% and 170%. On a like-for-like basis, the Americas were up 26% and 25%, EMEA up 42% and 39% and Asia-Pacific up 130% and 169%.

Cash flow remains very strong, with net debt for the first quarter running at an average of about £19 million, or approximately half the level of the £44 million loan drawn down to finance the combination with MediaMonks in July of last year.

In the first quarter, new programmatic media planning and buying offices were established in Tokyo and Montreal and coverage initiated in Paris and Milan. After the quarter end, the group’s content offering was broadened and deepened by the acquisition by MediaMonks of Caramel Pictures, the world’s leading food and liquids



photographic and video studio and its programmatic media planning and buying offer, by MightyHive's merger with ProgMedia, a leading São Paulo-based programmatic consultancy, which expands capabilities in Latin America.

S⁴Capital's first annual report was published on 29 April. Both digital and analogue versions are accessible on the company's website at www.s4capital.com.

Speaking from Singapore, where he was attending the opening of the Company's first integrated digital content and programmatic office, Sir Martin Sorrell, Executive Chairman of S⁴Capital said:

"Client interest in, response to and engagement with the group's first party data model driving and fuelling digital content creation and programmatic media planning and buying have escalated in the new year. Speed in all senses of the word is becoming a crucial competitive advantage and differentiator and we don't have to set up an Institute to learn that. We just listen.

The group is making progress in broadening and deepening existing relationships, the largest of which will double in size this year, and in establishing new ones. Notable new assignments in the first quarter were with Procter & Gamble's Braun, Nestlé's Starbucks[®] Coffee at Home, Mondelez's Philadelphia, the creation of content studios with Avon and Shiseido, and two major NDA assignments with a major motor manufacturer and technology company.

New business activity is frenetic and the pipeline is still at twice the level of last year.

There is no doubt the faster, better, cheaper mantra resonates and that clients want a unitary P&L approach from their advisors. Clients are also increasingly willing to explore all models - out-house, co-located, in-house - with the latter becoming more and more fashionable, particularly as clients seek to take back control, in a world where the walls of the walled gardens are growing higher and the battle with the tech platforms to control data and influence the direct to consumer relationship is key."

	Reported			Like-for-like		
	Q1 2019 (£'000)	Q1 2018 (£'000)	Growth	Q1 2019 (£'000)	Q1 2018 (£'000)	Growth
Sector Revenue						
Content	29,828	23,476	27%	29,828	23,771	25%
Programmatic	11,098	6,163	80%	11,098	6,540	70%
Total Revenue	40,926	29,639	38%	40,926	30,311	35%
Sector Gross Profit						
Content	21,726	17,744	22%	21,726	18,066	20%
Programmatic	11,082	6,120	81%	11,082	6,495	71%
Total Gross Profit	32,808	23,864	37%	32,808	24,561	34%
Geography Revenue						
Americas	26,736	20,406	31%	26,736	21,136	26%
EMEA	11,208	7,959	41%	11,208	7,881	42%
Asia-Pacific	2,982	1,274	134%	2,982	1,294	130%
Total Revenue	40,926	29,639	38%	40,926	30,311	35%
Geography Gross Profit						
Americas	22,610	17,316	31%	22,610	18,061	25%
EMEA	7,824	5,668	38%	7,824	5,616	39%
Asia-Pacific	2,374	880	170%	2,374	884	169%
Total Gross Profit	32,808	23,864	37%	32,808	24,561	34%

Enquiries to:

S⁴Capital plc +44 (0)20 3793 0003
Sir Martin Sorrell, Executive Chairman

Powerscourt (PR Advisor) +44 (0)20 3328 9386
Elly Williamson/Jack Shelley

About S⁴Capital

S⁴Capital plc (SFOR.L) is a new age/new era digital advertising and marketing services company established by Sir Martin Sorrell in May 2018.

Its strategy is to build a purely digital advertising and marketing services business for global, multi-national, regional, local clients and millennial-driven influencer brands. This will be achieved initially by integrating leading businesses in three areas: first party data, digital content, digital media planning and buying, along with an emphasis on "faster, better, cheaper" executions in an always-on consumer-led environment, with a unitary structure.



Digital is by far the fastest-growing segment of the advertising market. S⁴Capital estimates that in 2017 digital accounted for approximately 40 per cent. or \$200 billion of total global advertising spend of \$500 billion (excluding about \$400 billion of trade support, the primary target of the Amazon advertising platform), and projects that by 2022 this share will grow to approximately 55 per cent.

S⁴Capital integrated with MediaMonks, the leading, Advertising Age A-listed creative digital content production company, led by Victor Knaap and Wesley ter Haar, in July 2018, and with MightyHive, the market-leading programmatic solutions provider for future thinking marketers and agencies, led by Peter Kim and Christopher S. Martin, in December 2018.

Victor, Wesley, Pete, Christopher and Peter Rademaker (formerly Chief Financial Officer of MediaMonks, now Chief Financial Officer of S⁴Capital), all joined the S⁴Capital Board as Directors. The S⁴Capital Board also includes Rupert Faure Walker, Daniel Pinto, Sue Prevezer and Paul Roy.

The company has a market capitalization of approximately £550 million (\$720 million) and approximately 1,250 people in 16 countries, across the Americas, Europe, the Middle-East and Africa and Asia-Pacific.

Sir Martin was CEO of WPP for 33 years, building it from a £1 million "shell" company in 1985 into the world's largest advertising and marketing services company with a market capitalization of over £16 billion on the day he left. Prior to that he was Group Financial Director of Saatchi & Saatchi Company plc for 9 years.

Neither the content of the Company's website, nor the content on any website accessible from hyperlinks on its website for any other website, is incorporated into, or forms part of, this announcement nor, unless previously published by means of a recognised information service, should any such content be relied upon in reaching a decision as to whether or not to acquire, continue to hold, or dispose of, securities in the Company.

This announcement includes "forward-looking statements". All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's services) are forward-looking statements.

Forward-looking statements are subject to risks and uncertainties and accordingly the Company's actual future financial results and operational performance may differ materially from the results and performance expressed in, or implied by, the statements. These factors include but are not limited to those described in the



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Company's prospectus dated 4 December 2018 which is available on the news section of the Company's website. These forward-looking statements speak only as at the date of this announcement. S⁴Capital expressly disclaims any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect actual results or any change in the assumptions, conditions or circumstances on which any such statements are based unless required to do so.

No statement in this announcement is intended to be a profit forecast and no statement in this announcement should be interpreted to mean that earnings per share of the Company for the current or future years would necessarily match or exceed the historical published earnings per share of the Company.