

8 January 2020

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

Announcement of merger and trading statement

Content practice merges with data-driven content agency Circus Marketing

Trading continues in line with market expectations

The move will expand S4Capital's content expertise and strengthen its presence in eight locations across the Americas, as well as add a new office in Spain

S4Capital plc (SFOR.L), the new age/new era digital advertising and marketing services company, announces today that its global content practice, built around MediaMonks, has agreed to merge with the fully integrated digital agency Circus Marketing ("Circus").

In Latin America, the move follows last year's merger of MightyHive, S4Capital's programmatic practice, with Brazil-based consulting firm ProgMedia to further enhance its programmatic capabilities.

With Circus on board, S4Capital will further strengthen its content expertise and position in the LatAm region through the addition of projected revenues of \$38 million and gross profit of \$20 million in 2019 (up 21% and 25% respectively on 2018) and 350 professionals, working collaboratively as one team across eight locations in Mexico, Brazil, Argentina, Colombia, Costa Rica, Chile, Los Angeles in the United States and into Spain for the first time.

Formed in 2005 and headquartered in Mexico City, Circus is a purely digital agency that creates content strategies and high impact campaigns for the world's top new economy brands. It counts Netflix, Spotify, Google, Facebook, Uber and others among the clients on its A-list roster. Furthermore, Circus is ranked #26 in [Adweek's fastest growing agencies 2019](#) list, along with MediaMonks and Firewood, and has been awarded Agency of the Year 2019 and 2020 by IAB Mixx Mexico. A video featuring Circus is available [here](#).

Consideration will be just over half in cash and the remainder in S4Capital Ordinary Shares, with customary lock-ups. The cash portion of the consideration will be funded largely by the overraise in connection with the equity issue financing MediaMonks' merger with Firewood in October 2019. Valuation multiples are consistent with the Company's usual metrics of approximately 1-2X revenue and 5-10X EBITDA, including contingent consideration.

Sir Martin Sorrell, Executive Chairman S4Capital: “Bruno Lambertini, Ignacio Liaudat and Luis Alonso and their colleagues at Circus share our vision of focusing on purely digital content, unencumbered by analogue baggage. Circus also embraces our data-driven holy trinity model and embodies faster, better, cheaper or speed, quality and value. They are buying into our unitary model, combining seamlessly with our content and programmatic practices.”

Bruno Lambertini, Founder & Chief Executive Officer, Circus: “Our culture is defined by diversity and the varied expertise of our team, and I am confident this merger will enrich our community even more, enabling us to bring our unique point-of-view on creativity to the world. We believe in ‘emotions driven by data’ and by bringing our talents, expertise and networks into the S4Capital family, we’re building a solid framework for the new era of advertising.”

Wesley ter Haar, Founder MediaMonks: “Beginning the new year with a curtain raiser, Circus joining MediaMonks and the S4Capital team is something I'm immensely proud of. We're excited to welcome three amazing entrepreneurs, Bruno, Ignacio and Luis, into the S4Capital fold. We're also looking forward to expanding our focus and footprint in Latin America and beyond, with 350 of the best creatives and content developers for modern brands in the Spanish and Portuguese-speaking world, with a client list to prove it. Having a group of self-proclaimed misfits like Circus join the family proves once again that we're building the biggest and best tent in the industry for talent. We should have skipped the holidays and started 2020 before year-end!”

Trading statement

S⁴Capital also confirms that trading for the first 11 months and expectations for December continue in line with market expectations, with like-for-like revenue and gross profit growth well in excess of 40% and EBITDA margins improving significantly in the second half as flagged at the half-year. Full year results for 2019 will be announced on 18 March 2020 and a capital markets day will be held in Amsterdam on 21 April 2020.

The Company also confirms the completion of the BizTech merger with MediaMonks on 18 December 2019, and anticipates the WhiteBalance merger with MediaMonks will be completed shortly.

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About S⁴Capital

S⁴Capital plc (SFOR.L) is the 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, multinational, regional, local clients and millennial-driven influencer brands. This will be achieved initially by integrating leading businesses in three practice 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 2018 digital accounted for approximately 45% or \$225 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%.

S⁴Capital combined with MediaMonks, the leading AdAge 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.

In April 2019, MightyHive merged with ProgMedia to expand operations into Latin America and MediaMonks acquired film studio Caramel Pictures to expand content studio capabilities. In June 2019, MediaMonks announced a planned merger with Australia-based BizTech, a leading marketing transformation and customer experience company. In August 2019, MediaMonks merged with Amsterdam-based digital influencer marketing agency IMA. In October 2019, MediaMonks merged with Firewood Marketing, the largest digital marketing agency based in Silicon Valley, that was

recently ranked, along with MediaMonks, as one of the fastest growing agencies by Adweek, and MightyHive merged with award-winning UK-based digital analytics, biddable media and data science company ConversionWorks and South Korea-based data and analytics consultancy Datalicious Korea. In November 2019 MediaMonks merged with Delhi-based content creation and production company WhiteBalance.

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, Paul Roy, Daniel Pinto, Sue Prevezer, Elizabeth Buchanan, Scott Spirit, Naoko Okumoto and Margaret Ma Connolly.

Following the merger with Circus, the company has a market capitalisation of approximately £900 million (\$1.2 billion) and 2,350 people in 30 countries across the Americas, Europe, the Middle East and Africa and Asia-Pacific. It has achieved Unicorn status in a little over one year, unique in the advertising and marketing services industry.

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 capitalisation of over £16 billion on the day he left. Today its market capitalisation is £13.4 billion. Prior to that he was Group Financial Director of Saatchi & Saatchi Company plc for nine years.

About Circus Marketing

Circus is a multicultural and fully integrated digital content agency that partners with the world's top brands to develop high-impact ideas, strategies and content to win in today's attention economy. Founded in Mexico City in 2005, Circus' team connects 350 talented misfits across eight locations spanning the United States, Latin America and Southern Europe. Circus has collected more than 100 awards to date (January 2020) and is ranked #26 in 2019 Adweek's Fastest Growing Agencies list. Some of Circus' clients include Netflix, Uber, Spotify, Facebook and Google. For more information, please visit www.circusmarketing.com.