



Results for the six months ended 30 June 2019

September 2019

Contents

- 1_ Results
- 2_ Client momentum
- 3_ People
- 4_ Mergers, asset purchase and expansion
- 5_ Integration
- 6_ Summary and outlook
- 7_ Appendix

Financial Performance

Pro Forma Constant currency* HY 2019 Highlights (£m)

- / Billings of 184.23, +38.7%
- / Revenue 87.97, +38.0%
- / Revenue grew 24.2 of which merger and asset purchase contributed 0.6
- / Gross profit 70.19, +39.9%
- / Gross profit growth 20.0 of which merger and asset purchase contributed 0.5
- / Accelerating gross profit growth Q1 +34% Q2 +46% July +54%
- / Operational EBITDA** before central company costs 12.10, -17.4%
- / Operational EBITDA*** 9.63
- / Adjusted operating profit 8.74
- / Adjusted result before income tax 6.48
- / Adjusted result 3.29
- / Basic earnings per share 0.9p
- / Half year-end net debt 19.33 including 44.0 loan to partly fund the merger with MediaMonks

* Pro-forma numbers relate to half year consolidated numbers as if the Group had existed in full for the first half year in 2018 in constant currency

** Operational EBITDA before central costs is EBITDA adjusted for central company costs and non-recurring items including depreciation, right-of-use-assets between (IFRS16)

*** Operational is EBITDA adjusted for non-recurring items

Unaudited condensed consolidated income statement

For 6 months ended 30 June 2019

		Proforma like-for-like	Proforma Constant currency like-for-like	Year ended 31 December 2018
For the 6 months period ended 30 June 2019	HY1 2019 £'000	HY1 2018 £'000	HY1 2018 £'000	£'000
Billings	184,234	127,585	132,867	59,117
Revenue	87,972	62,129	63,743	54,845
Cost of sales	17,787	13,378	13,581	17,681
Gross profit	70,185	48,751	50,162	37,164
Net operating expenses	76,414	36,562	36,553	45,634
Operating (loss) / profit	(6,229)	12,189	13,609	(8,470)
Adjusted operating profit	8,736	12,301	13,721	4,042
Adjusting items	(14,965)	(112)	(112)	(12,512)
Operating (loss) / profit	(6,229)	12,189	13,609	(8,470)
Finance income	-	-	-	324
Finance expenses	(2,261)	(102)	(95)	(975)
Net finance expense	(2,261)	(102)	(95)	(651)
Result before income tax	(8,490)	12,087	13,514	(9,121)
Income tax expense	(329)	(3,703)	(3,705)	1,011
Result for the period	(8,819)	8,384	9,809	(8,110)

Unaudited condensed consolidated income statement

For 6 months ended 30 June 2019

	HY1 2019 £'000	Proforma like-for-like HY1 2018 £'000	Proforma Constant currency like-for-like HY1 2018 £'000	Year ended 31 December 2018 £'000
For the 6 months period ended 30 June 2019				
Reconciliation to operational EBITDA				
Operating (loss) / profit	(6,229)	12,189	13,609	(8,470)
Adjusting items	14,965	112	112	12,512
Depreciation (excluding right-of-use asset depreciation)	890	767	765	648
Operational EBITDA	9,626	13,068	14,486	4,690
Holding costs	2,475	159	159	1,341
Operational EBITDA before holding costs	12,101	13,227	14,645	6,031
Reconciliation to adjusted operating profit				
Operating (loss) / profit	(6,229)	12,189	13,609	(8,470)
Adjusting items	14,965	112	112	12,512
Adjusted operating profit	8,736	12,301	13,721	4,042
Reconciliation to adjusted result before income tax				
Result before income tax	(8,490)	12,087	13,514	(9,121)
Adjusting items	14,965	112	112	12,512
Adjusted result before income tax	6,475	12,199	13,626	3,391
Reconciliation to adjusted result for the period				
Result for the period	(8,819)	8,384	9,809	(8,110)
Adjusting items	14,965	112	112	12,512
Tax on adjusting items	(2,858)	-	-	(1,877)
Adjusted result for the period	3,288	8,496	9,921	2,525

Unaudited condensed consolidated income statement

For 6 months ended 30 June 2019

	HY1 2019	Proforma like-for-like HY1 2018	Proforma Constant currency like-for-like HY1 2018	Year ended 31 December 2018
For the 6 months period ended 30 June 2019	£'000	£'000	£'000	£'000
Earnings per share				
Weighted average number of shares in issue for the purpose of basic and adjusted net result per share	348,354,880	348,354,880	348,354,880	247,776,256
Net result attributable to equity owners of the Company (£'000)	(8,819)	8,384	9,809	(8,110)
Basic net result per share (pence)	(2.5)	2.4	2.8	(3.3)
Diluted net result per share (pence)	(2.5)	2.4	2.8	(3.3)
Adjusted non-recurring expenses and acquisition related expenses	7,358	112	112	5,005
Share based compensation	1,318	-	-	-
Adjusted amortisation of intangible assets related to acquisitions	6,289	-	-	7,507
Adjusted tax on adjustments	(2,858)	-	-	(1,877)
Adjusted net result	3,288	8,496	9,921	2,525
Adjusted basic net result per share (pence)	0.9	2.4	2.8	1.0

Unaudited condensed consolidated balance sheet

As at 30 June 2019

		30 June 2019	31 Dec 2018 ¹
	Note	£'000	£'000
ASSETS			
Non-current assets			
Intangible assets	4	401,948	399,438
Property, plant and equipment		5,692	4,007
Right-of-use assets	5	16,159	-
Deferred tax assets		190	188
Other receivables		2,033	1,438
		426,022	405,071
Current assets			
Trade and other receivables		95,589	81,121
Cash and cash equivalents		26,944	25,005
		122,533	106,126
Total assets		548,555	511,197
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		37,865	39,093
Loans and borrowings	6	46,269	45,638
Long-term lease liabilities	5	9,844	-
Other payables		2,877	5,260
		96,855	89,991
Current liabilities			
Trade and other payables		97,409	77,779
Deferred consideration		8,013	-
Short-term lease liabilities	5	6,468	-
Current tax liabilities		5,548	4,107
		117,438	81,886
Total liabilities		214,293	171,877
Net assets		334,262	339,320

¹Restated

Unaudited condensed consolidated cash flow statement

For 6 months ended 30 June 2019

	Note	H1 2019 £'000	FY 2018 £'000
Net cash flows from operating activities	8	7,306	2,510
Cash flows from investing activities			
Cash brought forward from Derriston Capital plc		-	2,172
Acquisition of property, plant and equipment		(2,204)	(1,476)
Acquisition of subsidiaries, net of cash acquired		(2,571)	(264,186)
Financial fixed assets		(592)	5
Cash flows from investing activities		(5,367)	(263,485)
Cash flows from financing activities			
Proceeds from issuance of shares		-	246,500
Proceeds from finance institutions		-	45,618
Repayments of loans and borrowings		-	(6,138)
Cash flows from financing activities		-	285,980
Net movement in cash and cash equivalents		1,939	25,005
Cash and cash equivalents beginning of the period		25,005	-
Cash and cash equivalents at end of period		26,944	25,005

Revenues, gross profit, Operational EBITDA and EBITDA margin by practice

Pro Forma Constant currency HY 2019 Highlights (£m)

- / Content practice revenues (72% of total) 62.97, +28.7%
- / Programmatic practice revenues (28% of total) 25.00, +68.6%
- / Content practice gross profit (64% of total) 45.22, +27.6%
- / Programmatic practice gross profit (36% of total) 24.97, +69.7%
- / Content practice Operational EBITDA before holding company costs 8.98, -8.8%
- / Content practice Operational EBITDA margin 19.9%
- / Programmatic practice Operational EBITDA before holding company costs 3.12, -7.7%
- / Programmatic practice Operational EBITDA margin 12.5%

Gross profit by Geography (£m)

- / Americas (68% of total) 47.41, +36.8%
- / EMEA (24% of total) 16.80, +28.1%
- / Asia Pacific (8% of total) 5.98, +149.1%

Client momentum

Client roster continues to strengthen in technology, as well as fast moving consumer goods (FMCG), telecommunications and pharmaceuticals, both by practice and integration. Highlights include wins at Procter & Gamble, Nestlé, Coca-Cola, Sprint and Bayer, with expansion at Google, HP, Netflix, Uber and at Merck and Mondelez amongst others.

MediaMonks

- Wins: Fanta South East Asia, Service Now US, Snap US, New Fortress Energy, Verizon, Pinterest/SouthWest Airlines, Procter & Gamble SK-II, Shiseido, Mead Johnson Nutrition RB (Reckitt Benckiser), Marriott and Resorts World Sentosa
- Growing fast: Google, Heineken, P&G, HP, Mondelez

MightyHive

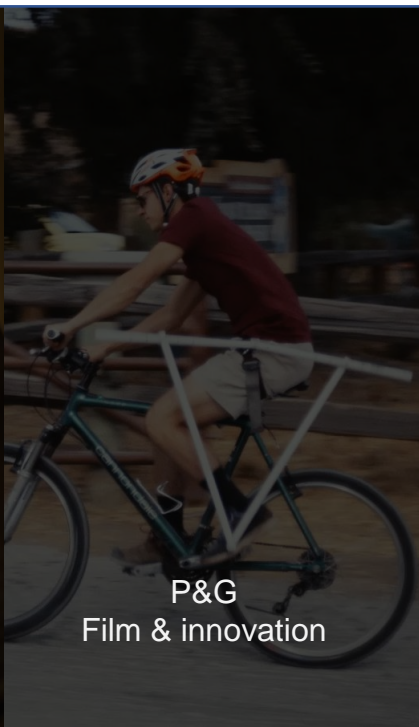
- Wins: Lavazza, ASICS, Vodafone NZ, SoFi - Social Finance, (NDA) S&P 500 global pharmaceutical company, S&P 500 insurance company, S&P 500 global cosmetics company
- Growing fast: Electrolux, Nationwide

Content

Here is some of the best content we have produced this year for our top brands across industries, regions and technologies.



Award winning



P&G
Film & innovation



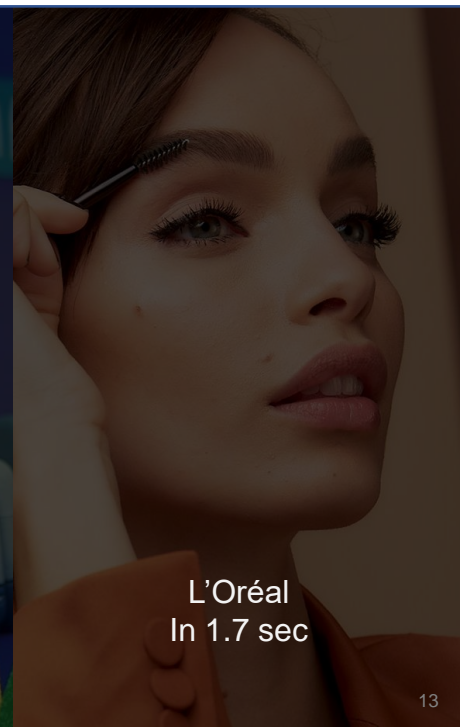
AT&T BATMAN
Experiential



Marriott
Programmatic



Google
Voice and many more



L'Oréal
In 1.7 sec

P&G Parts that Protect

Data driven campaign

The Gillette Skinguard is the newest razor that uses technology to prevent skin irritation and cuts when shaving. Unfortunately, not enough people know about this technology and the real genius within the blade.

To captivate skeptical millennials with the story of the Gillette blade innovation we created concepts that connect to deeper human values. Concepts that are culturally resonating and emotionally driven.

FROM INSIGHTS TO A BIG IDEA

Brand truth

Gillette is not perceived as an innovation brand. Instead it's perceived as an expensive brand by a new generation. More than a century ago Gillette innovated the category by releasing the first ever safety razor.

Audience Insight

The new (skeptical) generation values innovation and craftsmanship. To them it's not only about the high end product, it's about the science behind it.

Insight

Restore cultural relevance by collaboration with influential creators and innovators. Use the rich history of Gillette's craftsmanship and innovation to create a stage for the modern day influencers.

Google Starbucks Action

Innovative activation

Google came to us with an order we were excited to fill: take Starbucks' existing Google Action to update the service with various new integrations. Now, customers are able to place Starbucks orders with just their voice.

APPROACH

Working hand in hand with Google, we led the development and created custom features that allow caffeine-craving customers to place orders at their nearest Starbucks without lifting a finger. Being an innovation partner for emerging technologies like voice is almost as important to us as coffee, and the updated Starbucks Action is one tasty cup of innovation!



L'Oréal Unbelieva'brow

New product launch campaign

L'Oréal Paris empowers women by providing them with tools to help them look and feel their best, and giving them access to high performance products that support their lifestyles.

How can we drive maximum awareness for the Unbelieva'brow product with an eye-catching digital creative campaign, communicate the unbelievable high performance and increase relevance in local markets across Italy.

APPROACH

Adapt the traditional global Unbelieva'brow campaign to thumb stopping content on Facebook that resonates to the Italian market.

RESULTS

More content

In total we've created **15 deliverables** out of four hero films.

More Channels

From **four hero films** we created tailored content for Facebook, Instagram feed and stories, YouTube long-format videos and pre-roll.

More impact

VTR oCPM Facebook **46% vs 8%**

YouTube Views Preroll only **5.3m**

Avg. YouTube Org Views per video **80k**

Instagram reach **2m**

Programmatic

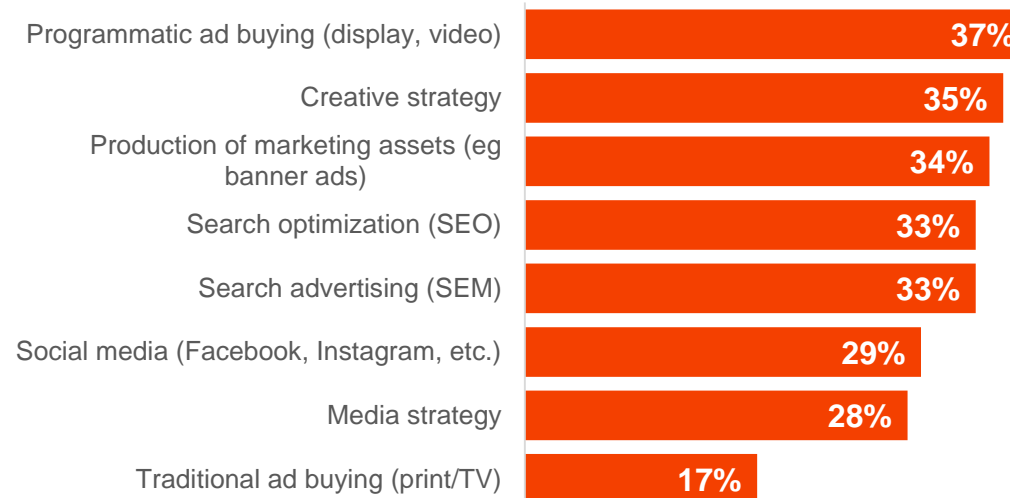
Marketers Continue to Take Control

Programmatic buying continues to move in-house, creative strategy and production the next priorities

65%

Programmatic buyers have completely or partially moved functions in-house and plan to continue the path

Functions marketing executives anticipate bringing in-house in 2019



Creating a Data Roadmap for Renault

Renault, the lead French automobile brand available in 134 countries and sold in over 12,000 dealerships, sold over 2.5m vehicles in 2018.

Renault engaged MightyHive to improve its understanding of their customers' digital profile, create a data-driven definition of the customer journey, and activate a holistic digital data strategy across its markets.

APPROACH

Over a 6 month engagement, MightyHive worked with the Renault teams in France and the Nordics to bring Renault's media and web analytics data under a unified taxonomy. This enabled the teams to redefine Renault's customer decision journey measurement, incorporating additional conversion signals for use in optimisation and customer segmentation as well as KPIs more closely related to business outcomes.

MightyHive also delivered a bespoke playbook for Renault and their agency of record, providing the teams with best practices for tech architecture and integrations, data taxonomy, and ad operations.

RESULTS

Renault and its agency of record now have improved visibility into audience quality, a roadmap for a scaled global data strategy, and data-driven best practices across digital media activity.

Global Media Measurement Results in +10% ROI for Mondelēz

Mondelēz International, a global confectionery, food, and beverage company has a portfolio of beloved brands such as Oreo, Milka, Halls, Trident, BelVita, Cadbury, Toblerone enjoyed in over 150 countries.

Like many large organizations Mondelēz's marketing data was distributed across disparate platforms, owned and controlled by outside parties (agencies and vendors). Mondelēz approached MightyHive to build a foundation for digital media transformation.

APPROACH

MightyHive worked with Mondelez to create a cloud-based Global Media Data Warehouse for digital measurement.

This foundation not only created a single source of truth for ad data, it unlocked opportunities for advanced analytics. MightyHive created real-time media performance dashboards for global stakeholders and is now using data for customer lifetime value analysis and first-to-market closed-loop sales attribution pilots, solving a longstanding challenge in CPG.

RESULTS

Clear insight into digital ad's impact resulted in +10% ROI

“MightyHive has helped us kick off a domino effect. We now have data we didn't have access to a year ago and that is meaningful in ways it never was before. We've only scratched the surface in terms of where we can take this.
Jon Halvorson, VP Global Media, Digital and Data, Mondelez

Delivering 55% cost savings in new user acquisition

iFood, Brazil's leading food delivery platform, services 12 million active users, 120,000 couriers, and 80,000 restaurants.

As part of its ethos to use state-of-the-art technology in everything they do, iFood engaged MightyHive to build a performance marketing strategy that would address three key challenges: privacy, granularity, and optimisation.

APPROACH

Privacy

MightyHive negotiated always-on deals with exchanges with inventory tied to device IDs instead of cookies, enabling ongoing audience reach across display, audio, video, and connected TV.

Granularity

MightyHive linked iFood's app attribution platform to DV360, allowing iFood to successfully target users when and where they're most likely to place an order.

Optimisation

MightyHive created custom dashboards to evaluate performance based on CRM conversions, allowing teams to optimise to sales results extremely quickly.

RESULTS

iFood's new performance strategy and execution led to a 55% decrease in cost per acquisition across all digital channels, and the model is now being replicated for new regions across Colombia and Mexico.

People



Scott Spirit, Chief Growth Officer and Executive Director

- / 15 years at WPP in London, Shanghai and Singapore
- / Oversaw a period of rapid growth and acquisitions
- / Ultimately Global Chief Strategy and Digital Officer
- / Held responsibility for digital, including technology company relationships
- / Board member and Managing Director at Eureka post-WPP



Elizabeth Buchanan, Non-Executive Director

- / Executive Director of disruptive mar-tech innovator Rokr
- / 25 years in technology, marketing and advertising
- / Senior roles at WPP and OMD Worldwide
- / Founded own full-service digital ad agency
- / Member of Vital Voices Global Partnership women leaders forum

People

MediaMonks

- / Tobias Wilson, VP of Growth APAC. Former CEO APD Singapore
- / Sanne Drogdrop, Executive Producer, APAC. Former W+K and 72andSunny Head of Production
- / Eric Alonso, Business Director APAC. Former Digital Director GTB
- / Vivian Opsteeg, General Manager Film & Content. Founder Girls in Film and former Digital Director VIACOM

MightyHive

- / Simon Harris, Head of Sales, EMEA Former Head of Programmatic Activation for Dentsu Aegis Network
- / Rashaad Jamal, VP of Accounts, AMER Former Engagement Manager McKinsey & Company, Instructor Pilot in the United States Marine Corps
- / Annie Wang, VP of Consulting Operations Former Director of Campaigns at Parsec Media and equities trader at Citibank
- / Jayne Babine, VP of Partnerships Former Head of National Ad Sales at TheKnotWW, VP of Media & Advertising Partnership Sales at Neustar

Expanding global presence



Expanding global presence

Content

- / **Total Headcount:** 1223
- / **Additional offices:**
 - / Amsterdam (creative, film and content studio)
 - / Mumbai
 - / Melbourne
 - / Los Angeles (production hub)
- / **New offices but legal entity not yet created**
 - / Toronto
 - / Astana
 - / Sydney
 - / Moscow

Programmatic

- / **Total Headcount:** 330
- / **Additional offices:**
 - / Paris
 - / Milan
 - / Jakarta
 - / Melbourne
 - / Mumbai
 - / Chicago
- / **New offices but legal entity not yet created**
 - / Bangkok
 - / Shanghai
 - / Hong Kong

Merger timeline

	9 th July 2018	24 th December 2018	26 th April 2019	26 th April 2019	21 st June 2019*	9 th August 2019
						
Offices	11	8	Studio, Equipment, Directors Roster, Robots, Portfolio	1	5	2
People	750	200	7	27	90	85
	  	  	  	  	  	  

*To be finalised in Q3

Merger strategy



Geographic Expansion

Expanding the global presence of S⁴Capital to new key markets will deepen our service offering for existing global enterprise clients and provide access to major brands in new markets. **Key new markets include Spain, Germany and South Korea. Key strategic markets include Australia, China and India.**



New Capabilities

Expanding the capabilities of S⁴Capital in areas such as **Data & Analytics, eCommerce, Inhousing, Offshoring, Performance, Social, Transcreation**, and broadening platform-specific capabilities around Google, Amazon, Facebook, Tencent, Alibaba, Apple and Microsoft, Adobe, Salesforce and Oracle.



Additional Scale

M&A targets that would add immediate scale to the existing operations of S⁴Capital or deepen existing major client relationships.



Deal Structure

Consideration is approximately **50% cash** and **50% S⁴Capital Ordinary Shares**, with a two-year lock-up from date of issue. Multiples paid are in the range of approximately 1-2 times revenues and **5-10 times EBITDA**, depending on current and forecast performance over the current and/or following year, with **no earnouts**. The total consideration for all four transactions so far in 2019 is expected to be approximately £35m. The merger pipeline is extremely strong in both content and programmatic as well as first party data and consulting.

Integration

Shared new business:

- / 6 active joint engagements in pharmaceuticals, beauty and retail
- / 14 active joint pitches and client inbounds in entertainment, food & beverage and technology

Office Integration

- / Stockholm office – MediaMonks and MightyHive people now co-located
- / Singapore office – MediaMonks and MightyHive people now co-located
- / Amsterdam office – Film and content studios consolidated into one
- / London and New York offices – actively examining co-location

Summary and outlook

- / Very strong top line momentum
- / Powerful start to the second half in July
- / Significant human capital investment for development
- / Considerable improvement in EBITDA margin expected in second half
- / Key account developments in both technology and established clients
- / Merger pipeline robust
- / Increased involvement in substantial industry pitches
- / Full year in line with expectations

Thank you

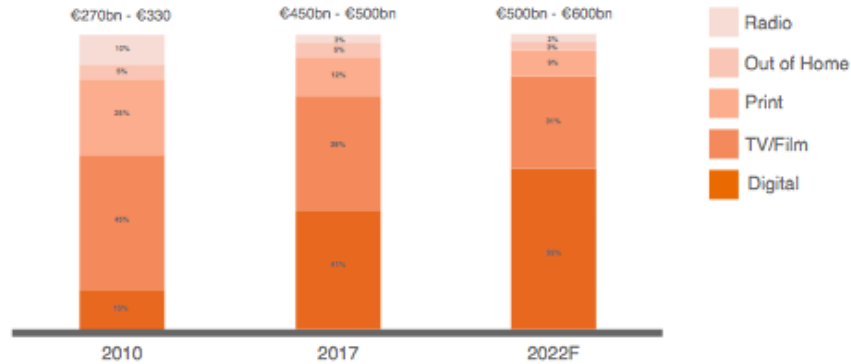
Appendix

Technological and geographic trends

- / The global advertising and marketing industry was worth \$1.7tn in 2018 (including \$400bn trade budgets – Redburn).
- / Global internet users = 3.6bn people, or over 50% of the population, in 2018 (Kleiner Perkins).
- / Digital media use 5.9 hours per day (Kleiner Perkins).
- / Half of all advertising spend will be on digital media ad formats by 2019/2020, compared to 46% in 2018 (Magna).
- / The market for internet advertising is expanding at over 20% year-on-year (Kleiner Perkins), compared to 3-4% for the overall advertising market (company estimate).
- / Programmatic advertising spend is forecast by the Group to reach \$84bn in 2019 growing at approximately 20 per cent year-on-year to reach \$98bn in 2020 (company estimate).

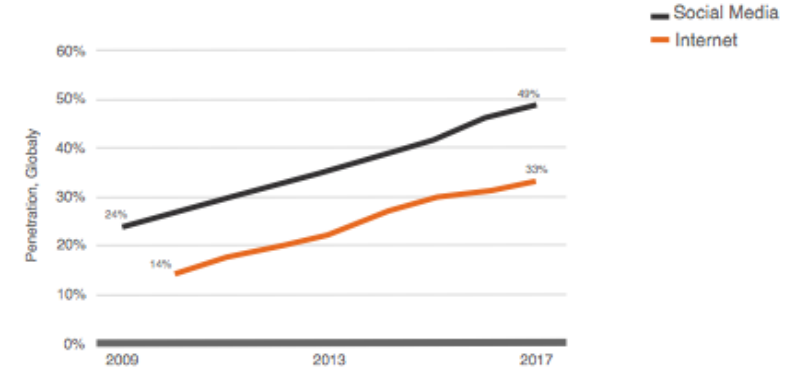
Technological and geographic trends

Digital continues to grow significant advertising “market share”



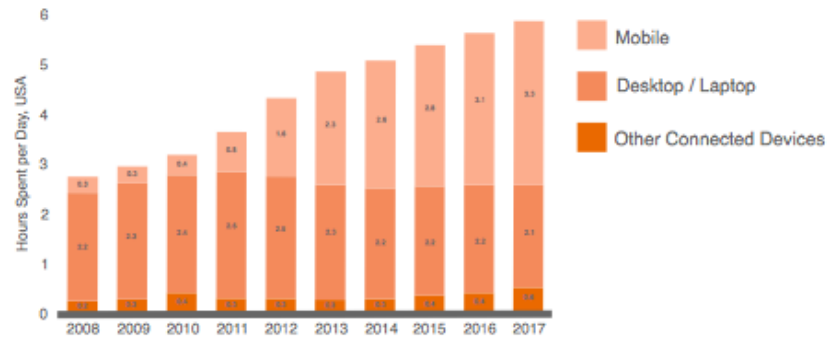
Source: Company estimates

Internet and social media global penetration doubles in eight years



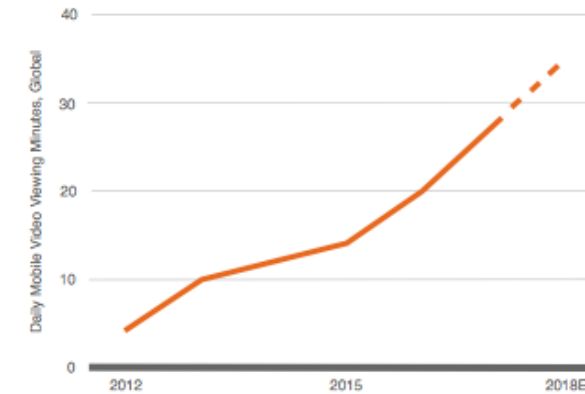
Source: Kleiner Perkins

Digital time spent doubles in eight years



Source: Kleiner Perkins

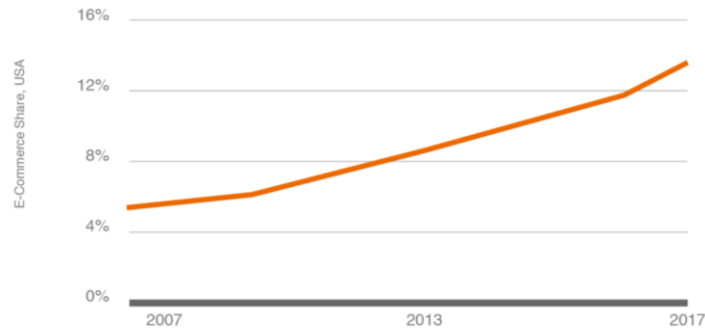
Mobile video viewing exhibits very strong growth



Source: Kleiner Perkins

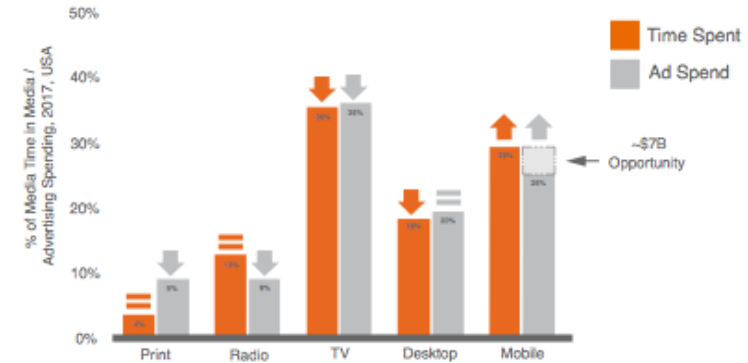
Technological and geographic trends

E-Commerce ramping up



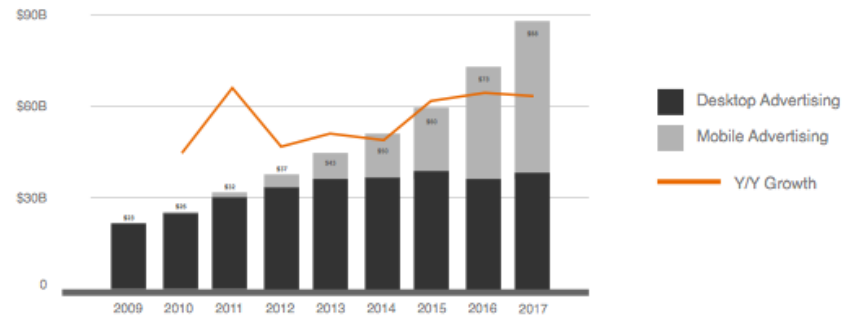
Source: Kleiner Perkins

Mobile advertising still represents the biggest opportunity



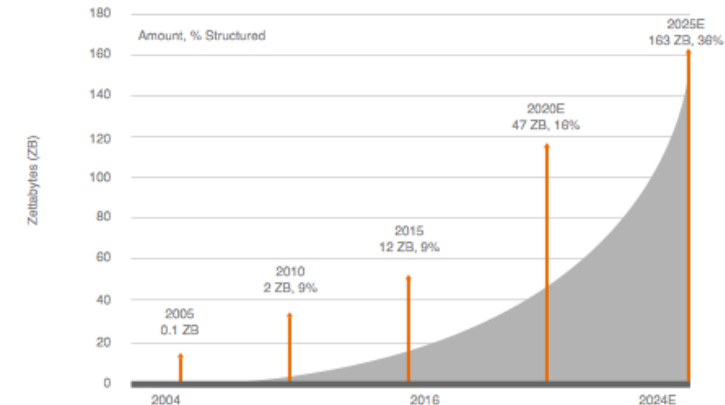
Source: Kleiner Perkins

Internet advertising spend up strongly



Source: Kleiner Perkins

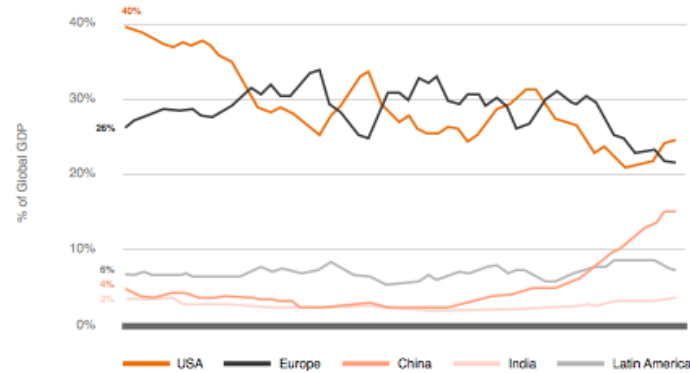
Violent growth in data



Source: Kleiner Perkins

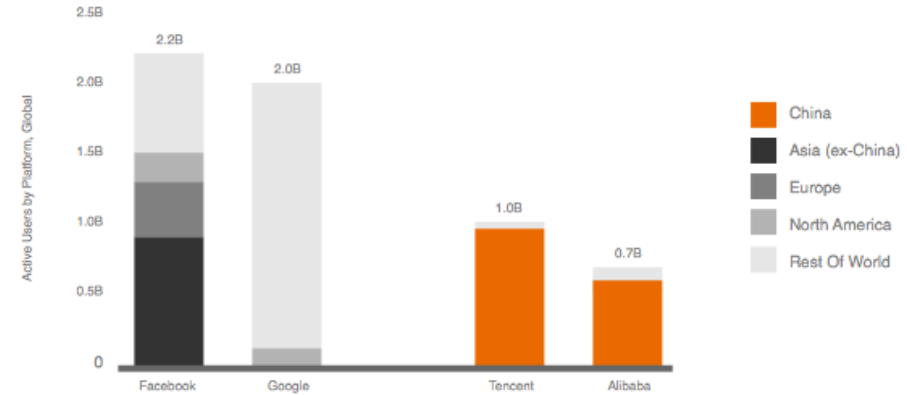
Technological and geographic trends

USA, China and India are the opportunity



Source: Kleiner Perkins

Facebook and Google the leading platforms, except in China



Source: Kleiner Perkins

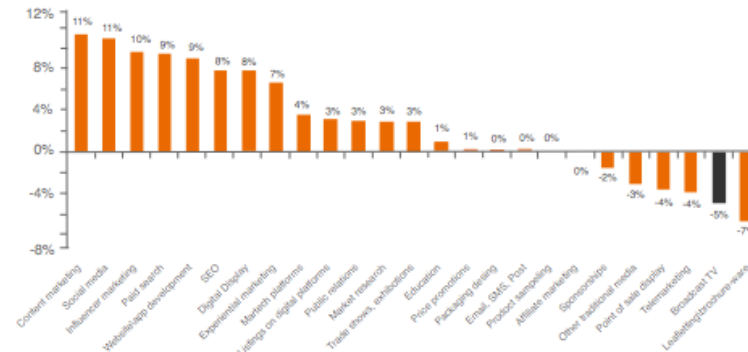
Google and Facebook dominate internet advertising revenue, but Amazon is the Third Force

2018 revenue run rate	
Google	\$115bn
Facebook	\$54bn
Amazon	\$10bn
Microsoft	\$8.6bn
Oath	\$7.2bn
Twitter	\$2.6bn
Snap	\$1.5bn
Other	\$62bn
Total	\$226bn

Source: Polar State of Digital Media, Q1 2019

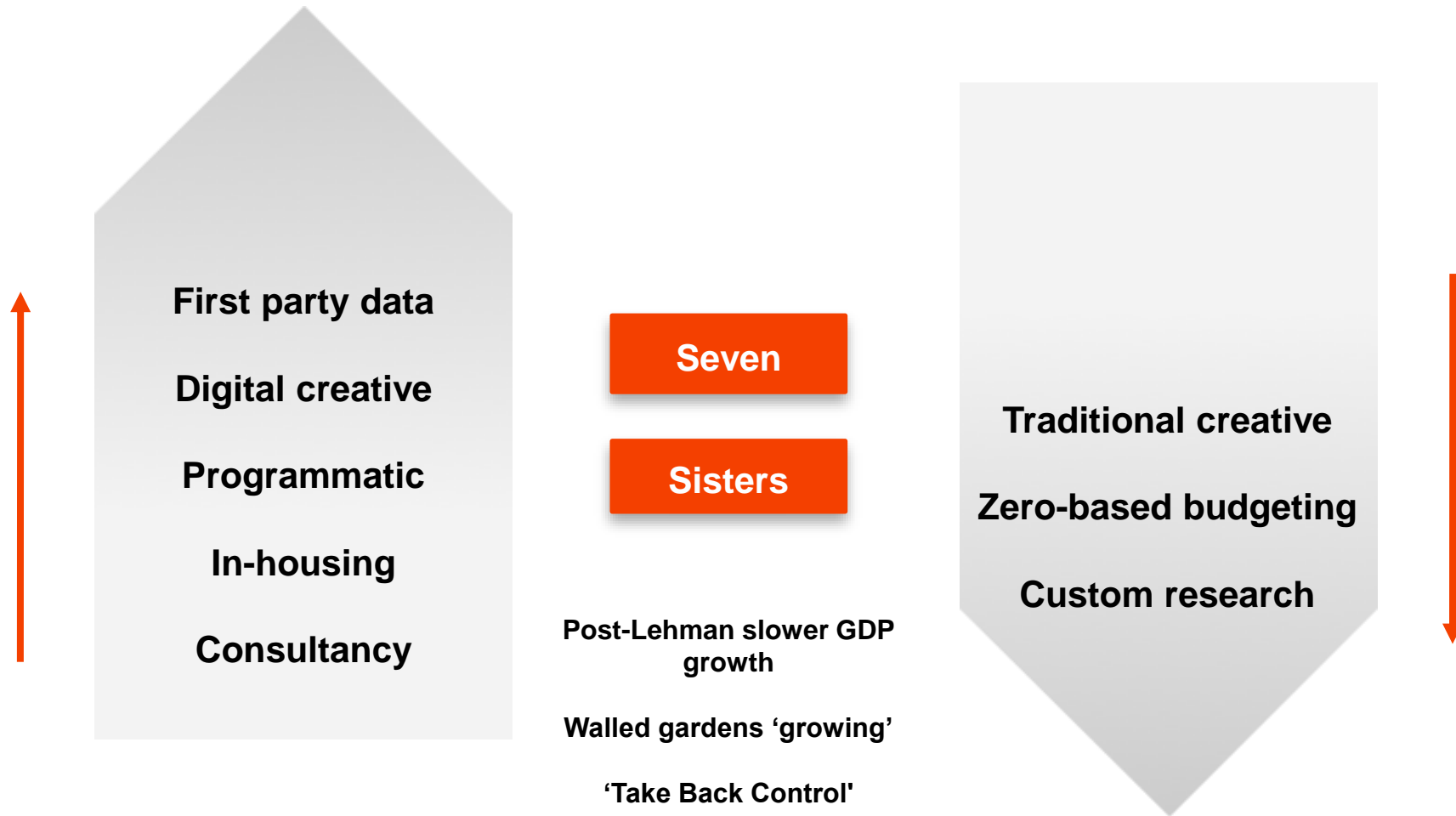
Pure digital domination of marketing spend and activity 2018 - 2021

Fig 191: Change in marketing expenditure by activity, 2018-21



Source: Redburn

Industry dynamics



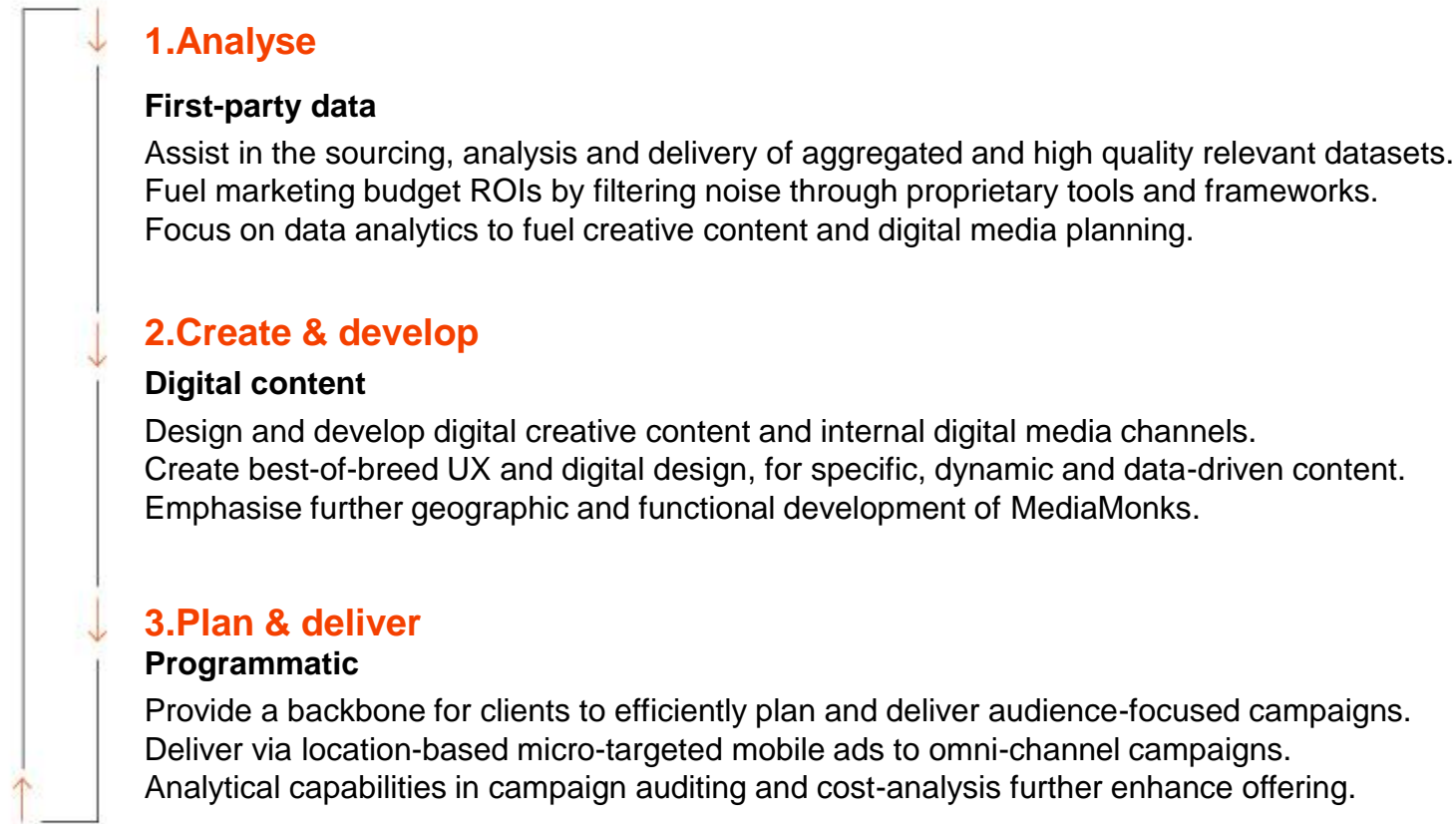
Our four core principles



The story so far

- / Formation and initial funding of S⁴Capital plc in May 2018.
- / Combination with the leading digital content Advertising Age A-Listed production company MediaMonks in July 2018.
- / Injection of the enlarged Company into the quoted 'shell' company, Derriston Capital Plc, with admission to the Standard List of the Main Market of the London Stock Exchange as S⁴Capital plc (SFOR.L) in September 2018.
- / Combination with the leading programmatic company MightyHive on Christmas Eve.
- / Appointment of leading industry figures to spearhead Asia Pacific growth.
- / Caramel Pictures, the world's leading food and liquids film studio, purchased by MediaMonks and combination of MightyHive with ProgMedia, a São Paulo-based programmatic consultancy, in April 2019.
- / MediaMonks merged with BizTech, a leading marketing transformation and customer experience company in Melbourne, Australia in June 2019, expanding cloud capabilities and geographic coverage
- / The Company now has approximately 1,500 people in 22 countries across the Americas, Europe, the Middle-East and Africa and Asia-Pacific.
- / Significant new business, including integrated assignments, from Procter & Gamble, Google, Nestle, Netflix, Mondelez, Uber, Bayer, Sprint, Avon, ServiceNow, Shiseido, Olympic Broadcasting Services, amongst others.
- / Mediamonks merged with IMA, a leading influencer marketing agency based in Amsterdam and New York in August 2019 with clients such as Under Armour, Diesel, Microsoft, Heineken, Pernod Ricard, and Booking.com.

Strategy and structure



Utilise clients' and platform data and grow by business combinations

**MEDIA
MONKS**

 **IGHTYHIVE**