7 May 2020

S4 Capital plc ('S^{4}Capital' or 'the Company')

First Quarter Trading Update

Continued strong growth despite the early impact of covid-19

- Most importantly and thankfully very few cases of infection and subsequent illness amongst our 2,500 people and their families in 30 countries
- Reported revenue up 73% to £71 million, up 17% like-for-like and 19% pro-forma
- Reported gross profit up 85% to £61 million, up 19% like-for-like and 22% pro-forma
- Cash flow and balance sheet remain strong with no net debt
- Confident the Company will deliver sector leading double digit like-for-like revenue and gross profit growth and reasonably strong operating EBITDA margin in 2020
- Fighting chance to achieve the Group's three-year plan of doubling organically
- Post covid-19 digital transformation will accelerate and the strong will get stronger

S^{4}Capital 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 2020.

Financial performance and outlook

Despite the early impact of covid-19, the group continued to deliver strong growth in the first quarter, albeit below the level of a pre-pandemic budget, but still at a level which gives a fighting chance to achieve the Group's three-year plan of doubling its size organically on a like-for-like basis.

The current situation clearly makes giving any guidance extremely difficult, with most, if not all companies withdrawing any guidance, some for the first time in their history. However, as is our normal practice, we revised our forecast at the end of the first quarter and are confident we will be able to deliver sector leading double-digit like-for-like revenue and gross profit growth for 2020, along with a reasonably strong operating earnings before interest, taxes, depreciation and amortisation margin.

Reported revenue was up 73% to £71.0 million and gross profit up over 85% to £60.7 million. Like-for-like revenues and gross profit were up 17% and 19% (January gross profit +33%, February +21%, March +6%) respectively. Pro-forma revenues and gross profit were up 19% and 22%.

The Group's digital content practice, MediaMonks, representing 79% of total gross profit, was up 89% in reported revenues and 112% in gross profit, up 17% and 19% like-for-like and 20% and 23% pro-forma.

The Group's programmatic and data and analytics practice, MightyHive, representing 21% of total gross profit, was up 32% in both reported revenues and reported gross profit and both 18% and 17% like-for-like and pro-forma.

Geographically, all regions showed strong growth. The Americas, representing 73% of gross profit, reported gross profit up 96%, EMEA, representing 19%, up 45%, and Asia Pacific, representing the remaining 8% up 118%. On a like-for-like basis, the Americas were up 21%, EMEA up 11% and Asia Pacific up 21%. On a pro-forma basis, the Americas were up 24%, EMEA up 11% and Asia Pacific up 23%.

Cash flow remains strong, with average net cash balances of approximately £16 million for the period despite a merger cash payment for Circus Marketing. The Company has fully drawn down its revolvers amounting to £32 million, as a matter of prudence. There has been some industry commentary about clients requesting extended payment terms. We have seen little such activity so far and are keeping a watchful eye on both payment patterns and receivables and believe our receivables provisions are satisfactory. To date the Company has not taken any Government loans, although it has taken advantage of some payroll tax and VAT deferrals in some jurisdictions.

Corporate activity

In the first quarter, the merger with the Latin America-based digital content agency Circus Marketing was completed. The mergers with the India-based digital agency WhiteBalance and the Kazakhstan and Russia offices of Australia-based Adobe platform developer BizTech (now branded MediaMonks Australia) are expected to be completed in the second quarter.

We continue to examine smaller merger opportunities especially in high growth functional areas, such as data and analytics and ecommerce and geographic expansion in the one market we need to add, Germany, where we have significant new business opportunities. However, we will not do anything that will impact our balance sheet negatively, as we think short-term financial strength and the balance sheet is critically important at this time.

S4Capital's second annual report was published today. Both digital and pdf versions are accessible on the company's website at www.s4capital.com.

Statement from the Executive Chairman

Managing the impact of covid-19

Clearly the impact of covid-19 overshadows our first quarter 2020 and beyond.

First and most importantly, almost all of our 2,500 people in 30 countries and their families are well and safe. Thankfully, we have had very few cases of infection and subsequent illness. Most, if not all, are working effectively from home, with some of our Asia Pacific offices up and running again and China very active. As digital natives, home working or a 24/7 approach was nothing new, almost business as usual and productivity has been maintained almost at previous levels.

Secondly, our clients have continued to increase their investment in digital content, programmatic and data and analytics, but at varying rates depending on the individual categories. Our tech clients, which account for approximately half of our revenue, have by and large continued to invest, particularly in purpose campaigns, although there has been some genuine postponement of spending from the first or second quarters into the second half. The other half, dominated by FMCG or CPG companies, pharma and retail is more mixed, with some cutting or reducing spend and, of course, investment in purpose campaigns too. The travel and hospitality verticals have virtually all stalled. Mostly all, however, are switching investment from traditional or analogue media to digital, as consumers increasingly shop, educate and communicate online, with online being cheaper, more flexible and more effective.

Finally, our financial position and liquidity remain robust. We maintained net cash balances in the first quarter and sufficient liquidity to weather the various scenarios, both good and bad, that we have gamed for the whole of 2020 and beyond. As a precaution in these unprecedentedly difficult times, we have already reduced non-essential expenses, cut travel, reduced hiring and our Coronavirus Crisis Group (CCG), consisting of eight executives who meet daily to review our people, clients and finances, have cut their compensation by half effective 1 April 2020, for six months, at which time the position will be reviewed. They have also waived cash bonuses awarded for 2019's strong performance, instead taking Ordinary Shares locked up for two years. We have also adjusted our headcount numbers marginally to reflect changing functional and geographic patterns in client demand. Lastly, we have already started to examine our office lease patterns in various cities and terminate and consolidate office premises where possible and faster than we originally planned. Many of our people are indicating a current preference to continue to work from home, if possible. Undoubtedly, our office footprints will change.

Corporate development continues at pace

Having achieved brand awareness and brand trial over the first 21 months of its existence, the Group is making progress in broadening and deepening existing relationships, two of which are tech clients each totalling over 5% of revenues, and in establishing new ones. In the first quarter, the Group's 'land and expand' strategy resulted in significant new work with many of our larger clients such as Google, Amazon, an NDA telecommunications client, Facebook, Netflix, Procter & Gamble and HP. Notable new business wins in the quarter include assignments from PayPal, Quibi, Twitch, Domino's, CEMEX, Fuji Television, Dole Food Company and AkzoNobel. In addition, in the first quarter we were added to the agency rosters of two major multinational clients, one FMCG or CPG and one pharma.

New business activity is still frenetic, although there are some presentation delays, and the pipeline is approximately at the level of last year with considerable current pitch opportunities in tech, automotive and FMCG/CPG.

We were very disappointed to have to postpone our Capital Markets Day in Amsterdam, which was scheduled for 21 April in our new consolidated facility, because of the pandemic. As it is likely that the easing of the lockdown will be phased over time, we have decided to hold a virtual event in June. Full details will be sent out to analysts and investors shortly.

Digital transformation will accelerate and the strong will get stronger

In our view, covid-19 will only accelerate the digital trends we have seen before at three levels - consumers, media owners and enterprise managers. It is effectively and sadly a burning platform that will encourage and drive digital transformation. Agility will be a key, if not the key, corporate attribute and the faster, better, cheaper or speed, quality, value mantra will resonate even more with clients wanting a unitary P&L approach from their advisors. Clients will also be increasingly willing to explore all models - out-house, co-located or embedded, in-house - with the latter becoming more and more effective, 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. The tragedy of covid-19 will only emphasise the importance of and accelerate the execution of this process and the already strong digital platform, hardware and software companies will only get stronger.

Sir Martin Sorrell, Executive Chairman

	Reported			Like-for-like			Pro-forma		
	Q1 2020 (£'000)	Q1 2019 (£'000)	Growth	Q1 2020 (£'000)	Q1 2019 (£'000)	Growth	Q1 2020 (£'000)	Q1 2019 (£'000)	Growth
Practice Revenue									
Content	56,270	29,828	89%	56,270	48,223	17%	60,565	50,651	20%
Programmatic	14,698	11,098	32%	11,098	12,474	18%	14,698	12,474	18%
Total Revenue	**70,967**	**40,926**	**73%**	**70,967**	**60,697**	**17%**	**75,282**	**63,125**	**19%**
Practice Gross Profit									
Content	46,130	21,726	112%	46,130	38,674	19%	50,294	40,946	23%
Programmatic	14,596	11,082	32%	14,596	12,457	17%	14,596	12,457	17%
Total Gross Profit	**60,727**	**32,808**	**85%**	**60,727**	**51,131**	**19%**	**64,890**	**53,403**	**22%**
Geography Gross Profit									
Americas	44,238	22,610	96%	44,238	36,627	21%	47,560	38,290	24%
EMEA	11,309	7,824	45%	11,309	10,213	11%	11,731	10,572	11%
Asia Pacific	5,179	2,374	118%	5,179	4,291	21%	5,599	4,550	23%
Total Gross Profit	**60,727**	**32,808**	**85%**	**60,727**	**51,131**	**19%**	**64,890**	**53,403**	**22%**

Notice of AGM

S4 Capital has today published its Notice of Annual General Meeting 2020 online and it can be viewed on the Company's website: www.s4capital.com. The Annual General Meeting will take place on Monday, 8 June. Due to the uncertainty caused by the covid-19 outbreak and the UK Government's 'Stay at Home' measures, it has been decided to hold a hybrid meeting whereby the Chairman will host and chair the Annual General Meeting at 12 St James's Place, London, SW1A 1NX and all other attendees will participate electronically. We will continue to monitor the covid-19 situation as it evolves and provide updates to you where necessary through our website.

In accordance with Listing Rule 9.6.1R, the Notice of Annual General Meeting 2020 has been submitted to the National Storage Mechanism and will shortly be available for inspection at: https://data.fca.org.uk/#/nsm/nationalstoragemechanism

Webcast and conference call

A webcast and conference call will be held at 9.00am BST and the webcast will be available at: https://webcasting.brrmedia.co.uk/broadcast/5eabe4f431da814c9fc6d296

For Q&A:
UK: +44 20 3695 9267
US: +1 877 890 2416
Room Code: 477387
PIN: 0986

An additional webcast and conference call will be held today at 8.00am EDT / 13.00pm BST: https://webcasting.brrmedia.co.uk/broadcast/5eabe59331da814c9fc6d2cc

For Q&A:
US: +1 877 890 2416
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Room Code: 863344
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Sir Martin Sorrell, Executive Chairman

Peter Rademaker, Chief Financial Officer

Scott Spirit, Chief Growth Officer

Powerscourt (PR Advisor) +44 (0)20 7250 1446

Elly Williamson/Jessica Hodgson

About S⁴Capital

S^{4}Capital 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. S^{4}Capital estimates that in 2019 digital accounted for approximately 47.5% or $275 billion of total global advertising spend of $550-600 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 55-60%.

S^{4}Capital 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 and then with fully integrated digital agency Circus Marketing in January 2020.

Victor, Wesley, Pete, Christopher and Peter Rademaker (formerly Chief Financial Officer of MediaMonks, now Chief Financial Officer of S^{4}Capital), all joined the S^{4}Capital Board as Directors. The S^{4}Capital Board also includes Rupert Faure Walker, Paul Roy, Daniel Pinto, Sue Prevezer, Elizabeth Buchanan, Scott Spirit, Naoko Okumoto and Margaret Ma Connolly.

The Company has a market capitalisation of approximately £890 million (c.$1.1 billion) and 2,500 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 £7 billion. Prior to that he was Group Financial Director of Saatchi & Saatchi Company plc for nine 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 Company's prospectus dated 8 October 2019 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. S^{4}Capital 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.