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S4 Capital PLC
14 November 2018

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S⁴Capital plc
Third 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 30 September 2018. This is the first trading update following the injection of S⁴ Capital into Derriston plc on 28 September 2018 and the renaming of the Company as S⁴Capital plc.

The Group delivered a very strong third quarter performance in line with expectations, with revenue up almost 45% to €29.3 million (£26.2 million) and gross profit up almost 32% to €20.4 million (£18.3 million). Like-for-like (ex-acquisitions and in constant currency) revenue and gross profit were up almost 46% and almost 33% respectively.

Year to date, revenue is up over 48% to €83.4 million (£73.8 million) and gross profit up almost 40% to €59.7 million (£52.8 million). Like-for-like revenue and gross profit were up over 54% and over 45% respectively.

The earnings before interest, depreciation and amortisation (EBITDA) operating gross profit margin at MediaMonks was steady at over 20% in the third quarter versus the third quarter last year, and up to 25% in the first nine months from 15% in the same period last year. Like-for-like EBITDA operating gross profit margins were similar for the same periods.

MediaMonks, currently S⁴ Capital's main trading company, divides its business into three component parts or pillars: creative content & innovation, assets at scale, and platforms and e-commerce. The creative content & innovation pillar offers clients premium content and cutting-edge Virtual Reality ('VR'), Augmented Reality ('AR') and experiential projects and has performed solidly, according to plan.

Assets at scale, which focuses on asset production across programmatic advertising, precision marketing, content production and the localisation and adaptation of global campaign rollouts, doubled its gross and net revenues in the third quarter and year to date compared to the same periods in 2017. This performance reflects the growth seen in global digital advertising, which is forecast by Strategic Analytics to reach \$51 billion by 2023, with a 19.5% share of worldwide video spending, compared to \$30 billion and a 13.3%

share currently.

Platforms and e-commerce, which focuses on the development of websites, applications and other internal e-commerce platforms primarily for multi-national clients, grew strongly in both the third quarter and year to date. Geographically, the United States showed very strong growth in the third quarter and year to date. An office in San Francisco has been added in the fourth quarter to the two main United States offices in New York and Los Angeles, to further service the Group's growing technology client portfolio. Europe (including Central and Eastern Europe) also grew significantly in the third quarter and year to date, with the United Kingdom particularly strong. Asia Pacific, Latin America, the Middle-East and Africa grew significantly in the third quarter and year to date, but from a smaller base. The Group will be expanding its operations significantly in these regions in 2019.

The company has made significant progress in deepening existing relationships and winning new accounts. Notable assignments were completed in the third quarter for Compass, Coty, Instagram, Mondelez, Posadas and PVH/Tommy Hilfiger amongst others and significant engagement was generated by work for [Google](#), [Samsung](#), [Grupo Modelo](#) and [Amazon Prime Video](#).

The Group continues to trade in line with budget and its objectives for 2018.

The Group has prepared its three-year plan for the period 2019-21 and preliminary budgets for 2019, which indicate continued progress.

The S⁴ Capital Board is delighted to welcome Sue Prevezzer QC as a third Non-Executive Director.

Sir Martin Sorrell, Executive Chairman of S⁴Capital plc said:

"Trading is very much in line with our objectives for this first quarter since the merger with MediaMonks. We are delighted that MediaMonks was able to deliver continued significant growth, even during the integration of the company into S⁴Capital plc and the re-listing and name change of the Company on the London Stock Exchange, at the end of the third quarter. We already see both a widening and deepening of the Company's client base, resulting in a strong performance for all three pillars at MediaMonks. A focus on digital content, digital media planning and buying and first party data, along with an emphasis on "faster, better, cheaper" executions, clearly resonates with clients of all shapes and sizes. We are already planning significant expansion of the Group's services in digital media planning and buying and content and geographically, particularly in the United States and Asia Pacific. In all, a good start for a coconut!"

Key financials

(x EUR 1,000)

	Q3 2018	Q3 2017	+/-%	YTD 2018	YTD 2017	+/-%
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Reported

Revenue	29,274	20,239	44.6%	83,422	56,273	48.2%
Gross profit	20,430	15,517	31.7%	59,703	42,702	39.8%

Like-for-like

Revenue	29,274	20,069	45.9%	83,422	54,151	54.1%
Gross profit	20,430	15,401	32.7%	59,703	41,129	45.2%

Enquiries to:

S⁴ Capital plc **+44 (0)20 3793 0003**

Sir Martin Sorrell (Executive Chairman)

Powerscourt (PR Advisor)
Elly Williamson/ John Elliott

+44 (0)20 3328 9386

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