

4 November 2019

S4 Capital plc
("S4Capital", "the Company" or "the Group")

Third Quarter Trading Update

Accelerating Momentum

- Third quarter Revenue up almost 54% and 48% like-for-like
- Third quarter Gross Profit up 50% and over 44% like-for-like
- Year-to-date Revenue up over 46% and almost 42% like-for-like
- Year-to-date Gross Profit up over 46% and almost 42% like-for-like
- Third quarter Revenue and Gross Profit like-for-like growth rate faster than first half
- EBITDA operating margin improvement in third quarter
- Increasing key client account development and pitch activity
- Merger and asset purchase integration around content and programmatic practices proceeding well
- Company trading in line with internal and external expectations

S4 Capital plc (SFOR.L), the new era/new age digital advertising and marketing services company, provides the following trading update for the three months and nine months ended 30 September 2019.

The Group continued to progress with a very strong third quarter performance more than in line with its target of doubling organically in three years by 2021. Revenue was up almost 54% to £56.6 million and gross profit up 50% to £42.1 million. Like-for-like (including-impact of mergers, asset purchase and in constant currency) revenue and gross profit were up 48% and over 44% respectively.

Year to date, revenue is up over 46% to £144.6 million and gross profit up over 46% to £112.3 million. Like-for-like revenue and gross profit were both up almost 42%.

Both reported and like-for-like earnings before interest, depreciation and amortisation (EBITDA) operating gross profit margins at both the content and programmatic practices improved significantly in the third quarter. This was in line with the improvement indicated in the half-year results statement in September.

These figures include the impact of the two mergers with Progmedia in April and IMA in August and the asset purchase of Caramel Pictures in April. Subsequent to the third quarter end, the mergers with Firewood, Convergence Works and Datalicious Korea were completed at the end of October. The previously announced merger with BizTech is expected to be completed in early November.

Performance by Practice

Content practice revenue was up almost 48% in the third quarter to £41.1 million, with like-for-like up 43%. Third quarter gross profit was up almost 40% to £26.6 million and over 35% like-for-like. Both revenue and gross profit like-for-like growth strengthened significantly over the first-half. Year-to-date Content revenue was up over 37% to £104.1 million and 34% like-for-like. Content gross profit was up over 33% to £71.8 million and over 30% like-for-like.

Programmatic practice third quarter revenue was up over 71% to £15.6 million and over 63% like-for-like. Third quarter gross profit was up over 71% to £15.5 million and up over 63% like-for-like. Year-to-date revenue was up over 75% to £40.5 million and up over 66% like-for-like. Gross profit was up almost 76% to £40.5 million and 67% like-to-like.

Performance by Geography

The Americas showed very strong growth in the third quarter with gross profit up 51% to £28.5 million and over 43% like-for-like. Year-to-date the Americas gross profit was up almost 46% to £75.9 million and over 39% like-for-like.

Europe, the Middle East and Africa also grew significantly in the third quarter, with gross profit up over 26% to £9.7 million and like-for-like up over 25%. Year-to-date gross profit was up almost 27% to £26.5 million and like-for-like up over 27%.

Asia Pacific also grew very strongly from a smaller base, with gross profit up over 156% to £4.0 million in the third quarter and up over 150% like-for-like. Year-to-date gross profit grew almost 154% to £9.9 million and like-for-like was up over 149%.

Balance Sheet

Net debt averaged approximately £30 million in the third quarter, up from approximately £20 million in the first half, reflecting merger and asset purchase cash payments in the second and third quarters. The Company estimates it has further debt capacity of approximately £70 million, before reaching its maximum target limit of 2X EBITDA.

Client Development and Momentum

The company has made significant progress in deepening existing relationships and winning new accounts. Notable assignments were completed in the third quarter for AB InBev Brazil, Sony Pictures, Coca-Cola, HP and Google and for clients under NDA in the Tech, Healthcare, Employment, Retail and Household products sectors.

Current Trading

The Group continues to trade in line with its forecasts and objectives for 2019. The Group has prepared its three-year plan for the period 2020-22 and preliminary budgets for 2020, which indicate continued progress also in line with its objectives.

The Company will shortly be making two further Non-Executive appointments to the Board, one based in Silicon Valley and one based in Asia-Pacific. This will bring the gender balance of Non-Executive Directors to 50:50.

Sir Martin Sorrell, Executive Chairman of S⁴Capital plc said: "We continue to trade in line with ambitious internal and external expectations, both top and bottom line. Our very strong organic

growth of well over 40%, so far this year, indicates that clients are responding very well to our purely digital, unitary, 'holy trinity' model of first party data fueling digital content and programmatic. As our new content and media partners, Firewood, based in Silicon Valley put it, 'speed, quality and value' are key. The mergers and asset purchase we have completed, so far this year, will broaden and deepen our capabilities and client relationships and convert clients to scale. The peanut has morphed into a pumpkin in time for Halloween 2019 and we have also achieved US\$ Unicorn status."

Key financials

£ million	Reported	Prior year*	+/-%	Like-for-like**	+/-%
	Q3 2019	Q3 2018		Q3 2018	
Revenue					
Content practice	41.079	27.771	47.9%	28.727	43.0%
Programmatic practice	15.553	9.086	71.2%	9.539	63.1%
Total	56.632	36.857	53.7%	38.266	48.0%
Gross Profit					
Content practice	26.614	19.018	39.9%	19.682	35.2%
Programmatic practice	15.496	9.049	71.2%	9.500	63.1%
Total	42.110	28.067	50.0%	29.182	44.3%
Gross profit by Geography					
Americas	28.491	18.870	51.0%	19.901	43.2%
EMEA	9.654	7.649	26.2%	7.698	25.4%
Asia-Pacific	3.965	1.548	156.1%	1.583	150.5%
Total	42.110	28.067	50.0%	29.182	44.3%
	YTD 2019	YTD 2018		YTD 2018	
Revenue					
Content practice	104.053	75.836	37.2%	77.643	34.0%
Programmatic practice	40.551	23.154	75.1%	24.373	66.4%
Total	144.604	98.989	46.1%	102.016	41.7%

Gross Profit					
Content practice	71.829	53.812	33.5%	55.128	30.3%
Programmatic practice	40.466	23.018	75.8%	24.230	67.0%
Total	112.295	76.830	46.2%	79.358	41.5%
Gross profit by Geography					
Americas	75.903	52.050	45.8%	54.566	39.1%
EMEA	26.451	20.865	26.8%	20.810	27.1%
Asia-Pacific	9.941	3.916	153.9%	3.982	149.6%
Total	112.295	76.830	46.2%	79.358	41.5%

* including the respective performance of mergers and an asset purchase in 2018, consolidated for the same number of months as included in 2019

** as for 'prior year', but on a constant currency basis

An audio webcast will take place at 11:00 GMT with access from www.s4capital.com

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A further audio webcast will take place at 08:00 EST, again with access from www.s4capital.com

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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 Convergence Works and South Korea-based data and analytics consultancy Datalicious Korea.

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 and Scott Spirit.

Following the fundraising for Firewood, the company has a market capitalization of approximately £775 million (\$1 billion) and 1950 people in 26 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 capitalisation of over £16 billion on the day he left. Today its market capitalisation is £12 billion. Prior to that he was Group Financial Director of Saatchi & Saatchi Company plc for nine years.