

Section 6

The Times

Sorrell's ad agency buys MightyHive for \$150m

Simon Duke

December 4 2018

Sir Martin Sorrell has made a second acquisition for his new advertising firm, buying an American digital agency for \$150 million.

S4 Capital, the former WPP chief's new venture, is swallowing up MightyHive, a Californian company that helps clients buy internet ads.

The deal comes months after he bought Mediamonks, an agency based in Amsterdam that creates online advertising companies. The €300 million deal exacerbated tensions with his former employer, which had also been bidding for Mediamonks.

Sir Martin quit WPP abruptly in April after an investigation into his personal conduct and use of company money. He has denied wrongdoing. The row over the Mediamonks deal could cost Sir Martin millions of pounds in deferred bonuses. His giant pay packages were a source of perennial friction between WPP and its shareholders.

Sir Martin, who recently described s4 Capital as a "peanut" compared to WPP, said that the transatlantic move would bolster his hopes of creating an advertising business fit for the digital era

"The peanut has now morphed into a coconut and is growing and ripening," said Sir Martin.

MightyHive specialises in programmatic trading, an automated method of buying personalised online adverts.

In his statement, Sir Martin hinted that he still wanted to buy a data business to help advise clients on digital marketing strategies.

His thirst for deals at S4 Capital is reminiscent of his exploits at WPP. Sir Martin turned WPP, a shopping basket manufacturer, into the world's largest advertising conglomerate through hundreds of deals over three decades.

S4 Capital, which obtained a stock market listing in the summer through a reverse takeover of a cash shell, will raise more than £70 million to complete the MightyHive acquisition. The company will place 67 million new shares into the market at 110p each.

Stanhope Capital, a fund run by Daniel Pinto, come on board as a new investor. Peter Kim and Christopher Martin, chief executive and chief operating officer of MightyHive, will become directors when the deal completes.

MightyHive's management and staff will receive an equal portion of cash and shares for selling to S4 Capital.

Previously Sir Martin has stated that building a successful new advertising company would be the best form of "revenge" against WPP.

Shares in S4 Capital dipped 1p to 113.5p.er