

# Martin Sorrell's S4 Capital warns of bigger annual revenue drop



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[Martin Sorrell](#)'s digital advertising agency [S4](#) Capital pointed today to a bigger drop in annual revenue as it reported a half-year operating loss.

Lower spending from major tech firms led the decline, with one unnamed major customer in particular cutting back.

S4 said: "All Practices have seen some impact from the net revenue reductions, most evident in Technology Services reflecting anticipated lower transformation revenue from one client"

Net revenue in the first half fell 13.5% on a like-for-like basis to £376.1 million. Its operating loss was £3.7 million.

The firm said: "We target like-for-like net revenue to be down

on the prior year, but to a greater extent than that assumed in May 2024 in our last trading update.”

It stood by full-year profit guidance.

S4 is a digital-only marketing firm, at the cutting-edge of the industry. On the latest trends in the trade, it said there was “a focus on AI driven hyper-personalisation at scale”.

Its founder Sorrell, who is one of the best-known names throughout the City, explained:

“Trading in the first half reflects the continuing impact of both challenging global macroeconomic conditions and high interest rates.

“This particularly impacted marketing spend by some technology clients and our Technology Services practice was affected by a reduction in one of our larger relationships”.

The wider ad industry has flocked to the tech sector, seen as a promising source of business amid more challenging conditions in the wider economy, S4’s update is likely to sound alarm bells over the potential limits of budgets even in this fast-growing area.

Nonetheless, Sorrell stayed upbeat as he looked ahead, not least as use of [artificial intelligence](#) (AI) continues as a major industry theme. The veteran entrepreneur and grandee added:

“We continue to capitalise on our prominent AI positioning and we continue to see multiple initial AI related assignments”.

S4 has a market value of around £260 million. Its shares fell 3p to 42p, a drop of 7%.