

26 July 2016

## SEC S.p.A

### First Day of Dealings on AIM

SEC S.p.A. ("SEC" or the "Company"), the largest independent advocacy, public relations and integrated communications agency in the Italian market, is pleased to announce that its Ordinary Shares will be admitted to trading on the AIM market of the London Stock Exchange at 8.00am GMT today.

#### Summary

- The Company, together with its brokers WH Ireland and Integrae SIM S.p.A., successfully raised £3.4 million (before expenses)
- Placing 12.2 million existing and new ordinary shares with investors at a placing price of 151 pence per ordinary share (the "Placing").
- SEC's market capitalisation on Admission, based on the placing price, is approximately £18.5 million.
- UBS Italia is acting as Financial Adviser to the Company.
- Founded in 1989 by current Chief Executive Fiorenzo Tagliabue, the Group's activities comprise public relations, advocacy and integrated services and support over 500 clients in its various operations.
- Revenue for 2015 was over €21 million with an EBITDA of €3.4 million, representing CAGR at 44% over the last two years.

The net proceeds of the Placing of new ordinary shares will be used by the Group to execute and integrate acquisitions in new territories, with specific discussions being held with identified businesses in the UK, France and Poland. The Board believe that Admission will provide the business with an increased reputation, provide shares as currency for the acquisition of suitable businesses and allow greater access to capital funding in the future.

#### **Fiorenzo Tagliabue, President and founder of SEC, commented:**

*"Today marks a key milestone for SEC and our growth plans. Being quoted in London will give us the opportunity to accelerate our acquisition strategy and leverage our position as one of the leading European public relations and advocacy communications agencies."*

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## Notes to Editors

SEC S.p.A. is a holding company and head office for a public relations and advocacy business, headquartered in Milan with operations across western Europe. The business was founded by the current Chief Executive, Fiorenzo Tagliabue, in 1989 and subsequently grew organically focusing on media relations, institutional and business to business (B2B) events, publishing and institutional relations. From 1997, the Company expanded across Italy opening offices in Turin, Naples, Rome and Bari. Following consistent growth over a number of years, in 2013 the Group began to expand internationally with a series of acquisitions in Belgium (2013), Spain (2014) and Germany (2015). The Group currently comprises nine subsidiaries in which the Company holds stakes ranging between 51 per cent. and 75 per cent. of the share capital.

## Offering

The Company's activities comprise public relations, advocacy and integrated services. The Company has over 500 clients (as at the date of the admission document) which include a large number of blue chip companies and organisations. Typically clients will engage the Company on a retained basis with an annual or semi-annual rolling contract.

Public relations services, which made up 49.4% of the revenue of the Group in the financial year ended 31 December 2015, include:

- **Brand Equity Management** –The development of strategies to preserve and/or raise the brand value of a client, be it a company and its brand(s), a cultural institution or large real estate projects. This is typically based on detailed understanding of perception and uses various communication levers and processes of perception analysis.
- **Corporate and Financial Communication** – The provision of consulting and communication services for companies and financial institutions related to mergers and acquisitions, capital markets and investor relations.
- **Reputation Safeguard: Issues & Crisis Management** – The development of strategies to help companies and institutions rapidly and effectively combat potential or actual crises, which could cause severe damage to their reputation and ultimately their business operations.

- **Corporate Social Responsibility** – Services related to every aspect of social engagement and reputation of a client.
- **External and Internal Relations** – Professional communication focusing on customer relationship management (CRM), social and content management and projects addressed at employees to align and reenergise.
- **Media Relations** – Services designed to enhance relations with media, bloggers and editors.
- **Digital Relations** – New age digital communications including social media audits and analysis, digital press office and digital PR, social media strategies, video reporting, monitoring of local media networks and facilitating training sessions to clients.

Advocacy activities, which made up 29.4% of the revenue of the Group in the financial year ended 31 December 2015, include:

- **Government Relations** – Services aimed at enabling companies to interact effectively with local, national and international governments.
- **Public Affairs** – Assisting clients, ranging from local interest communities to global opinion leaders, through research and campaigning, to mobilise opinion across regions.
- **Community Relations and Consensus Building** – Helping companies manage potential or actual conflicts related to its goods, services or projects, building reputation in the communities where they operate.
- **Issue Management** – Helping organisations prioritize and proactively address public policy and reputation issues that can affect their success.
- **Political Communication** – Services provided to political parties during election periods, ranging from communication management and strategy to media coverage.

Integrated services, which made up 21.2% of the revenue of the Group in the financial year ended 31 December 2015, include:

- **Social Media Management** – Covering all the stages of social media communication, from strategic and editorial decisions to direct administration of social media channels.
- **Event Management** – Services focused on organising events. SEC assists clients throughout the organisation process, including design, promotion and budget management.
- **Association Management** – Services ranging from the launch and day-to-day management of an association to providing the back office of an industry coalition. Association management services help clients to ensure legal and financial compliance and represent clients' industries and advocate on clients' issues.
- **Integrated Communication** – Encompasses advertising campaigns, coordination and multidisciplinary projects, leveraging synergies with artists, screenwriters and advertising agencies.

## The Market

The top of the market is dominated by a number of large, predominantly US-based networked operators. Europe is home to 108 of the top 250 PR firms on a global basis and the directors believe that there is an opportunity to grow this number as the US market continues to mature. SEC's future target territories, Latin America and Asia accounted for a little over 10% of the top 250 PR firms globally, illustrating an existing market with a number of potential opportunities. Industry analysts suggest that the global PR industry is set to grow by 7.1% over the next five years to US\$20 billion by 2020. (Source: The Holmes Report 2016).

## Acquisition Strategy

The directors believe that, notwithstanding the importance of technology, successful PR and advocacy is highly dependent on established long-term personal and trusted contacts within established brands. The directors therefore intend to grow the Group through acquisitions in new territories, typically leaving the local management with a minority stake to ensure that they are incentivised.

Historically, in seeking acquisitions in new territories, SEC S.p.A. has applied the following criteria:

- **Size:** SEC's acquisition strategy is to make bolt on acquisitions, with a focus on small to mid-sized businesses (between €1 million – €3 million turnover). The directors believe that when entering a new market it is prudent to make a smaller acquisition, however, owing to the opportunistic nature of acquiring established and profitable businesses, larger acquisitions are considered where appropriate.
- **Profitable operations:** The target company should typically be profitable both at the time the acquisition is being considered and historically, which the directors consider evidences a well-established business.
- **Focus on corporate and public affairs:** The potential target firm should have both a corporate PR business as well as a public affairs operation in order to derive synergies when integrated into SEC's existing operations.
- **People:** The people running the target firm should be reliable and trustworthy and have an entrepreneurial mind set, which is a key part of the SEC culture. They will need to be willing to continue running the operations and retain a minority interest in the business being acquired by SEC.

Discussions are currently being held with certain identified businesses based in the UK, France and Poland. If completed, they would substantially complete the European phase of expansion. The Company intends to then focus on Latin America and the USA in the medium term and, thereafter, Asia.

In particular, discussions with a business based in the UK are at an advanced stage. The business, which offers public affairs, public relations and corporate communications services, had a turnover of £3.2 million in the year to 31 March 2016. If approved by the board of directors and

by the vendor, this acquisition could occur shortly after admission. There can, however, be no certainty that acquisitions, including the specific businesses already identified, will be made.

Details of the board upon admission are set out below:

**Luigi Roth, Non-Executive Chairman**

Luigi joined the Board as its Non-Executive Chairman in July 2016. He has significant board experience and his current roles include being President of Alba Leasing S.p.A. (since May 2012), Senior Advisor of Equita SIM S.p.A. (since October 2014), President of Italiana Valorizzazioni Immobiliari S.r.l. (since September 2013) and President of Melior Valorizzazioni Immobiliari S.r.l. (since June 2010), President of Gruppo Lombardo dei Cavalieri del Lavoro (since September 2013) and he holds positions on the boards of Pirelli & C. S.p.A., Autostrada Torino Milano S.p.A., Eurovita Assicurazioni S.p.A. and NTV S.p.A. Noteworthy previous experience includes roles as President of Terna S.p.A., Consorzio Città della Salute e della Ricerca di Milano, Fondazione Fiera Milano and Ferrovie Nord Milano Esercizio S.p.A., as well as various positions held on the boards of Meliorbanca, Cassa Depositi e Prestiti S.p.A., Ansaldo Trasporti S.p.A. and Breda Costruzioni Ferroviarie S.p.A.

Luigi Roth is also a Knight Grand Cross of Merit of the Italian Republic, Knight of Labour and a Papal Gentleman.

**Fiorenzo Tagliabue, Chief Executive Officer**

Fiorenzo is the founder and controlling shareholder of SEC. He has significant expertise in urban regeneration projects, such as Porta Nuova in Milan (for Hines Group), regeneration of the Fiera di Milano area (for Citylife and Generali-Allianz Group), development plan for Bovisa (for Euromilano) and construction of Fiera in Rho-Pero (for Fiera Milano Foundation). He was the CEO of Nuova Editoriale Italiana S.p.A. from 1983 to 1989 and, in 1985, he founded and became General Secretary for the first three years of Centro Televisivo Vaticano. Mr Tagliabue was a member of the Board of Directors of Teatro La Scala (Milan) Foundation from 2005 until January 2015 and is a member of the board of directors of Banco Alimentare Foundation and of Venice University Institute of Architecture.

**Cesare Valli, Managing Director**

Cesare has extensive expertise in managing integrated communication projects as well as corporate and product communication campaigns. His experience in the financial sector includes the first privatization campaign ever carried out in Italy, five major privatizations, more than 20 IPOs, M&A, litigation, restructuring and change management plans for large banks and associations. Mr Valli worked for Hill & Knowlton Strategies, Inc. from 1988 to 2015, where he rose through the roles of Strategy Director Europe, President and CEO for Southern Europe and

Italy, President and CEO Mediterranean and Eastern Europe and Italy and was a member of the Company Global Council. He was also President of Italian Public Relation Association from 1994 to 1998 and Vice President of Assocomunicazione from 2005 to 2008. Mr Valli is a former Professor on theory and techniques of image promotion at University of Siena and Professor at CUOA Master in Vicenza and at Ca' Foscari University in Venice. Mr Valli is responsible for the day-to-day running of SEC's Italian operations.

**Thomas Parker, Managing Director (also CEO and shareholder of Cambre Associates – Brussels)**

Tom co-founded Cambre Associates SA in 2013, based in Brussels. Mr Parker was the Managing Director at Interel PR & PA from 2006 to 2007 and the Managing Director of InterelCabinet Stewart in 2008. Mr Parker is the Vice President of the British Chamber of Commerce in Brussels. He is also a regular commentator on EU lobbying practice and the future of the advocacy profession. Mr Parker works with organizations at the highest levels across a wide range of sectors, counselling on EU affairs and pan-European advocacy campaigns and has advised on some of Europe's highest profile reputational challenges and counselled on issues management and crisis communication at European and global levels. Mr Parker is also on the boards of the SEC subsidiaries Kohl PR and ACH Cambre.

**Anna Milito, Chief Financial Officer**

Anna joined SEC in 2003 and since has worked in the administrative team, becoming Chief Financial Officer in 2014. Her role includes coordinating a team composed of seven finance and administration professionals. Prior to joining SEC, Mrs Milito worked for an Italian accountancy firm from 1998-1999 and from 2000-2002 she was consultant to a provincial consortium on regional, national and communitarian financing laws for enterprises in Parma. Mrs Milito has a degree in Business Economics from the University of Parma and is a chartered accountant.

**Nigel Payne, Non-Executive Director**

Nigel has 30 years' experience at board level, covering a wide range of industries: advertising, manufacturing, distribution, retail, finance and e-commerce. Mr Payne has had wide-ranging exposure to various types of corporate activity including acquisitions, flotations and fundraising. Mr Payne is currently the Non-Executive Chairman of AIM Listed Stride Gaming plc, Non-Executive Chairman of AIM Listed Gateley plc and a Non-Executive Director of AIM Listed Gama Aviation plc. Mr Payne was the Chief Executive of Sportingbet UK plc between 2000 and 2006. Between 1995 and 2000 Mr Payne was the group finance, business development and IT director of Polestar Magazines, the then largest independent printer in Europe and between 1993 and

1995 he was finance and IT and finance director of Home Brewery plc, a subsidiary of Scottish & Newcastle plc.

**David Mathewson, Non-Executive Director**

David has experience in advising private and public companies on strategy plus implementation of mergers, acquisitions, debt and equity fund raising and capital reconstructions.

Mr Mathewson has spent much of his Executive career as Senior Director of Noble Grossart Ltd. More recently, Mr Mathewson was Finance Director of Playtech plc, between 2010 and 2013, which moved from AIM to the main market during his tenure. Prior to being Finance Director, he was a Non-Executive Director and chaired the audit and risk committees of Playtech plc.

Mr Mathewson is a member of the Institute of Chartered Accountants of Scotland.