

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**SEC S.p.A  
("SEC")**

**£3 million strategic equity investment in Porta Communications Plc**

**Commercial Collaboration Agreement**

SEC, the largest independent advocacy, public relations and integrated communications agency in the Italian market, with operations in Brussels, UK, Germany, Spain and Poland, announces that it has agreed a £3 million equity investment in Porta Communications Plc ("Porta" – AIM: PTCM.L) and a commercial collaboration agreement with Porta.

Alongside SEC's strategic investment and the commercial collaboration agreement, Mr Fiorenzo Tagliabue, CEO and founder of SEC, will be appointed to the board of Porta, as Non-Executive Deputy Chairman.

**Highlights**

- The signing of a subscription agreement (the "Subscription Agreement") with Porta for 85,714,286 new ordinary shares of 1 pence each in the capital of Porta ("Ordinary Shares") at a price of 3.5 pence per Ordinary Share to SEC to raise gross proceeds of £3 million (the "Subscription")
- Alongside the strategic investment, the signing of a commercial collaboration agreement with Porta (the "Commercial Agreement")
- The appointment of Fiorenzo Tagliabue to the Porta board as Non-executive Deputy Chairman with effect from admission of the Subscription Shares (as defined below) to trading on AIM

**Fiorenzo Tagliabue, CEO of SEC, commented:** *"SEC's investment in Porta is designed to enable both Groups to deliver advice and services in the communications field (Advocacy, PR and Strategy) for corporations, companies and institutions across Europe, Australia, Middle and Far East and Latin America.*

*The absence of any significant overlap in the two Groups' footprints makes such this partnership even more appealing to us, allowing us to benefit from the significant similarities as far as know-how, competences and network of relations are concerned in order to create extra value. This will benefit our clients and our business.*

*I wish to convey my widest appreciation for Porta's management and all its operations covering different markets and I wish to thank the Board of Porta for appointing me to the position of Deputy Chairman.*

*We look forward to working with the Porta team."*

## **Information on Porta**

Porta is a fully integrated communications and marketing group with specialisms including financial, corporate and consumer public relations, public affairs and research and multi-capability marketing, brand and creative communications. The Porta group has offices in London, Bristol, Cardiff, Edinburgh and Manchester in UK; Abu Dhabi, Beijing, Hong Kong and Singapore; Brisbane, Canberra, Melbourne, and Sydney in Australia. The brands and companies it owns are: Newgate Communications, Redleaf Communications, Publicasity, 2112 Communications and Summit Marketing Services.

Ordinary shares in the capital of Porta are admitted to trading on AIM (AIM: PTCM.L).

As part of the strategic equity investment, Porta has agreed to restructure part of its debts and to convert part of those debts into equity in Porta. This is intended to strengthen Porta's balance sheet.

Porta's turnover for the year ended 31 December 2016 was GBP 37.1m. Gross profit for that period was GBP 29.7m and adjusted headline EBITDA was GBP 2.3m. In the year to 31 December 2016, Porta made a loss of GBP 5,467,562. This reflects restructuring costs of GBP 1,445,870, impairments of GBP 2,259,604 and an amortisation and a depreciation charge of GBP 2,582,837. All these figures have been extracted from the audited annual report and accounts of Porta for the year ended 31 December 2016 without amendment.

## **The Subscription Agreement**

SEC is pleased to announce that it has invested £3m in Porta by way of an issue of 85,714,286 new Ordinary Shares in the capital of Porta to SEC (the "Subscription Shares"). The Subscription Shares are subject to a lock-up arrangement that includes a 12-month lock-in period followed by a 12-month orderly market period. The Subscription Agreement contains standard warranties given by Porta and SEC and certain undertakings by Porta. The Subscription Agreement also gives SEC the right to appoint a Non-executive Director to the board of Porta for so long as SEC holds an interest equal to, or greater than, 7.5 per cent of the issued share capital of Porta. SEC has agreed that all transactions with Porta will be conducted on an arm's length basis and that it will not take any action that, *inter alia*, would prevent Porta from conducting its business independently, impair its corporate governance arrangements or prejudice Porta's status as an AIM-traded company.

The purpose of the Subscription is to raise funds to be used by Porta for working capital to support a number of the subsidiary companies of Porta in the next phase of their development and growth, as well as to strengthen the balance sheet of Porta.

## **Interest in Ordinary Shares in the capital of Porta**

Following the issue of the Subscription Shares, SEC will be beneficially interested in 85,714,286 Ordinary Shares, representing approximately 19.3 per cent. of the enlarged issued share capital of Porta.

## **The Commercial Collaboration Agreement**

SEC has also entered into a Commercial Agreement with Porta, which provides that the two companies will share business opportunities and platforms, to leverage the capabilities of both companies and to strengthen their respective positions in the public relations markets. SEC and Porta intend for this collaboration to approach the market as a unique global partnership,

allowing for a broader set of skilled offerings to be offered across a greater geographical reach, than either company is currently able to do on its own.

Under the terms of the Commercial Agreement, SEC and Porta will establish a central marketing and new business function to facilitate the development of joint new business opportunities, share best practices and act as a conduit for future collaborative activities by the two companies ("the Collaboration Team"). The Collaboration Team will be initially comprised of two individuals, with one individual nominated by SEC and one by Porta. The individuals appointed to the Collaboration Team will be Senior Managers from both companies. The work of the Collaboration Team will be coordinated by the CEO of SEC and the CEO of Porta.

The fee sharing arrangements on joint projects shall be determined on a case-by-case basis.

The Commercial Agreement and Collaboration Team will be further supported by a SEC senior manager who will be on secondment and based at Porta's office.

The Commercial Agreement shall continue, unless terminated earlier, until the third anniversary of the commencement of the Commercial Agreement. Separately, either party may terminate the Commercial Agreement at any time with the written consent of both parties, or by giving at least 30 days' notice in writing to the other party.

The Commercial Agreement is conditional upon admission occurring in accordance with the provisions of the Subscription Agreement.

#### **Board appointment**

Mr Fiorenzo Tagliabue, CEO and founder of SEC, has been appointed to the board of Porta, as Non-Executive Deputy Chairman, with effect from admission of the Subscription Shares to trading on AIM.

#### **AIM Rule 17 updated information**

Fiorenzo Tagliabue was appointed a director of Della Silva Communication Consulting S.r.l. on 13 October 2008. Mr Tagliabue resigned as a director on 20 December 2016, when the company was put into liquidation. The company is in the process of being liquidated.

Fiorenzo Tagliabue was appointed a director of SEC & Partners S.r.l. (formerly SEC Sponsoring S.r.l.) on 24 February 1992. Mr Tagliabue ceased to be a director on 14 February 2017 when the company was put into liquidation. The company is in the process of being liquidated.

#### **Application for admission to trading on AIM**

Application has been made to the AIM Market of the London Stock Exchange ("AIM") for the Subscription Shares to be admitted to trading on AIM. Dealings on AIM are expected to commence at 8:00 a.m. on or around 4 August 2017 ("Admission").

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*The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.*

#### **Enquiries**

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