

## **SEC RNS ANNOUNCEMENT**

13 September 2016

### **SEC S.p.A.**

#### **Acquisition of majority shareholding in Bellenden Limited**

SEC S.p.A. ("SEC" or the "Company"), the largest independent advocacy, public relations and integrated communications agency in the Italian market, has acquired a majority shareholding in Bellenden Limited (trading as Newington) ("Newington") (the "Acquisition") in line with its stated acquisition strategy and specifically referred to in the Admission document dated 20 July 2016.

The initial consideration, for 60% of the issued share capital of Newington, comprises a completion cash payment of GBP 1,223,000 and a further cash payment of GBP 174,877.

Under the terms of the Acquisition, SEC will make two further cash payments of deferred consideration through an earn out mechanism linked to Newington's EBITDA over the three financial years ending on 31 March 2018. The consideration payable under the earn out will be calculated using an EBITDA multiple based on Newington's reported EBITDA (subject to certain adjustments). The adjusted EBITDA and amounts payable by SEC under the earn out will be agreed between the parties or determined by independent accountants. The amount payable under the earn out mechanism has been capped at GBP 3,871,000. The directors of the Company anticipate that the Acquisition will be earnings enhancing based on the current share price of the Company. This statement regarding earnings enhancement is not a profit forecast and should not be interpreted to mean that the Company's earnings per share will necessarily match or exceed the historic earnings of the Company.

Newington has a strong track record in public and corporate affairs at a local, national and European level. The award-winning agency has, in a decade, grown from two consultants in South London to more than 45 consultants operating from its new London HQ and from offices in Scotland, the North West, the Midlands and the East of England. Its specialist consultants work in a range of sectors including education, energy and environment, financial services, health, housing, justice and legal, as well as property development and transport.

In the year ended 31 March 2016 Newington's turnover was GBP 3,329,614 (unaudited) and Newington made a profit before tax of GBP 837,349 (unaudited).

Existing management, who will hold the minority shareholding, will continue to run the business, retaining the values, culture and ethos for which Newington is known to date. This is in line with the SEC strategy which is successfully building a partnership of independently run consultancies who are encouraged to retain what it is that has set them apart from the competition rather than a network of agencies who lose their identity in the process of being taken over by a larger multinational.

As part of the SEC Group, Newington will have the necessary scale to continue to build its business at a local, regional, national, and international level. SEC will base its international headquarters at Newington's office in London from which it will expand its reach in Europe in addition to expansion into the Americas and Asia.

A shareholders' agreement between SEC and the minority shareholders in Newington regulates the operation and management of Newington following completion. The terms of that agreement entitle the minority shareholders to exchange their shares in Newington for ordinary shares in SEC at any time. The number of ordinary shares in SEC to be issued will be determined by reference to the aggregate market value of the retained shares in Newington (agreed by the parties or determined by independent valuers) which are being exchanged divided by the relevant value of an ordinary share in SEC.

For these purposes the relevant value of an ordinary share in SEC will be the average of the middle market quotations for the existing issued ordinary shares of SEC as shown in the Official

List on the last Business Day in each of the four weeks ended on the date immediately prior to the date of allotment of the new ordinary shares in SEC. Any ordinary shares issued to the minority shareholders will be subject to customary lock-in arrangements for 12 months and orderly marketing arrangements for a further period of 12 months.

The minority shareholders have, subject to certain conditions, the right to require SEC to acquire up to 25% of their retained shares in Newington in each financial year following the fifth anniversary of completion. The consideration will be agreed between the parties or determined by independent valuers. 50% of the consideration will be satisfied in cash and 50% will be satisfied by the allotment and issue of new ordinary shares in SEC.

No voluntary transfers of shares in Bellenden to a third party can be made prior to 31 March 2018.

Mark Glover and Phil Briscoe, directors of Newington, will retain their roles leading Newington, and at the same time Mark Glover and Phil Briscoe will be part of the management committee of the SEC Group, the entity whose members are all the managing directors of the SEC companies. The committee is chaired by Tom Parker, the managing director of Cambre, the agency based in Brussels focused on advocacy and public affairs around the European Institutions.

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