

Regulatory Story

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SEC S.p.A - SECG Acquisition of shareholding in Clai
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SEC S.p.A.

("SEC" or the "Company"),

Acquisition of shareholding in CLAI, société par actions simplifiée

SEC S.p.A. ("SEC" or the "Company"), the largest independent advocacy, public relations and integrated communications agency in the Italian market, and one of the key player in Europe announces that it has today executed an agreement to acquire up to 100% of the issued equity of CLAI société par actions simplifiée ("CLAI") from its shareholders, being Eric Giuly, Anne-Marie Conte, Jean-Pierre Tranchard, Ingrid Giully, Aurore Giully, Constance Giully, Laure Giully, Pascale Giully, Elisabeth Coutureau, Stephane Barre-Lesauvage, Vanessa Levy, Laurent De Vedelly, Emile de Sellier de Chezelles, Holding EG and Societè Clai, (the "Acquisition Agreement") in line with its stated acquisition strategy as set out in the Company's Admission document dated 20 July 2016.

Details of the Transaction

Under the terms of the Agreement, SEC will initially acquire 10% of CLAI, although these shares will have 50.1% of the voting rights of CLAI attaching to them. The initial consideration is a cash payment of €490,034.81 due immediately .

Thereafter, SEC will acquire 50.01% of CLAI over the next five years, with the second acquisition (of 40.01%) occurring between 31 July 2020 and 31 December 2020 and the third acquisition (of additional 10%) occurring between 30 July 2023 and 30 September 2023, at SEC's discretion. Thereafter, the shareholders of CLAI can call upon SEC to acquire the balance of their shares (the remaining 39.99%) anytime between 30 July 2025 and 30 November 2025. The consideration for these further tranches are cash payments, calculated by way of an earn out.

In particular, the consideration payable under the earn out will be calculated using an EBITDA multiple of 6 based on CLAI'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. It is agreed, however, that the maximum consideration under the Acquisition Agreement will never exceed €8,800,000.

The directors of the Company anticipate that the Acquisition will be earnings enhancing based on the current share price of the Company, although this cannot be guaranteed at this time.

Background to CLAI

The directors believe that CLAI can demonstrate a strong track record in public and corporate affairs at a local and national level. The award-winning agency (which has won awards including L'Agence de l'Année Agency of the Year for Corporate Communication from 2012 to 2014, L'Agence de l'Année Agency of the Year for Influence 2017, Silver Top Com Public Relations for Master Cards Award 2013 and the Silver Top Com Branding Architecture for SPIE Award 2016) was founded by Mr. Eric Giully, former Global Head of Publicis Consultants at Ecole National d'Administration and former CEO of various companies in transportation and media sectors (including Causse-Walon S.A., Compagnie générale maritime et SNCM, Pathé, Antenne 2 / France 2 and l'Agence France-Presse). Eric Giully has grown CLAI from being a start up enterprise with a small team of consultants in Paris to more than 25 consultants across France.

CLAI's consultants offer a large portfolio of services, which are complimentary to the SEC product, including advice on social media intelligence, communication strategies, public affairs, community relations, brand management, media training and coaching. All services are offered to a wider range of sectors, with both corporate and public institutions as clients.

In the year ended 31 December 2017 CLAI's turnover was € 4,491,206 (audited) and it made a profit before tax of € 551,199 (audited).

Management and partners will remain as shareholders in CLAI until the acquisition of the full 100% of CLAI completes in approximately 2025 and they will continue to run the business, retaining the values, culture and ethos for which CLAI is known, until that date. This is in line with SEC's strategy of building a partnership with management 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, CLAI will have the necessary scale to continue to build its business at a local, regional, national, and international level benefiting from all available synergies and the central SEC team to promote the Group services towards large Global corporations , across Europe, the Americas, Asia and Africa.

A shareholders' agreement between SEC and Shareholders in CLAI regulates the operation and management of CLAI following completion. The business will continue to be managed by the existing management but certain decisions requiring Board approval will be taken to SEC for approval.

Eric Giully and Elisabeth Coutureau, directors of CLAI, will retain their roles leading CLAI, and at the same time they will join SEC Group Management Committee, the entity whose members are all the managing directors of SEC companies, chaired by Tom Parker, Chairman of Cambre, the Brussels based agency focused on European Institutions advocacy and public affairs.

For more information:

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