



SEC S.p.A - SECG Statement regarding possible all-share merger
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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

10 April 2019

Statement regarding possible all-share merger of Porta Communications Plc and SEC S.p.A.

The Boards of Porta Communications Plc (AIM: PTCM) ("**Porta**") and SEC S.p.A (AIM: SECG) ("**SEC**") announce that they have entered into discussions concerning a potential all-share merger (the "**Potential Merger**") of the two companies, which may or may not lead to the Potential Merger occurring. The Potential Merger would create a strategic communications company of scale with offices in key markets across the UK, Europe, the Middle East, APAC and South America. The benefits could include:

- Complementary geographic networks with very limited crossover
- The scale and capacity to extend the international network to strategic markets such as the US and additional markets in Asia
- The roll-out of proprietary new market research and communications product offerings across the enlarged group's footprint
- Synergies and reduced head office costs relating to a combined listed entity
- A strengthened Balance Sheet for the combined group
- An expanded shareholder base.

The Independent Directors of Porta (being all of the directors of Porta save for non-executive deputy chairman Fiorenzo Tagliabue, who is also chief executive officer of SEC and so has taken no part in the Porta board's deliberations on the matter) believe that the combination of Porta and SEC has the potential to be attractive to all shareholders. For these reasons, the Independent Directors of Porta have resolved to

proceed with discussions with SEC and both parties are preparing to undertake mutual and reciprocal due diligence, as is customary for a share transaction of this nature, with a view to the Independent Directors and the board of SEC agreeing the terms of the Potential Merger.

The terms and conditions of the Potential Merger, if agreed, will be set out in a further announcement. The Potential Merger would be classed as a reverse takeover for SEC under the AIM Rules for Companies. Completion of the Potential Merger will be subject *inter alia* to the approval by Porta and SEC's shareholders and the re-admission of the enlarged SEC Group to trading on AIM, as well as other customary conditions. There can be no certainty that the Potential Merger will occur.

The proposed terms of the Potential Merger are 0.0113 SEC ordinary shares for each Porta ordinary share (the "**Potential Merger Ratio**").

As notified in Porta's announcement relating to the restructuring of its existing debt, SEC and Porta have also today entered into a convertible loan agreement (the "**SEC Convertible Loan Agreement**") pursuant to which SEC will, subject to Porta shareholder approval, provide a loan of £1 million with a coupon of 5% per annum (the "**SEC Loan**") and which will be convertible into Porta ordinary shares by either company giving notice to convert subject to certain conditions. Draw down under the SEC Convertible Loan Agreement is also subject to certain conditions including resolutions being passed by Porta shareholders at a General Meeting to be held on 26 April 2019 authorising the Directors to issue and allot the ordinary shares to SEC as a result of conversion of the SEC Loan and to disapply statutory pre-emption rights from such allotment ("**Resolutions**"). In the event that the Resolutions are not passed the SEC Loan will lapse in accordance with its terms.

Either the Company or SEC may give notice to convert all (but, save as set out below, not part only) of the SEC Loan and interest owing at the date of such notice into such number of Ordinary Shares (the "**Conversion**") as shall at the Conversion Price have a value equal to the capital plus interest owing to SEC:

- 1) on or at any time during the seven days following the date falling 4 calendar months from the date on which the Resolutions are passed (the "**Effective Date**"), unless the Potential Merger is continuing at such time; or
- 2) on or at any time during the seven days following such earlier date than the date falling 4 calendar months from the Effective Date that the Potential Merger completes in accordance with its terms; or
- 3) in the event that the Potential Merger is continuing on the date falling 4 calendar months from the Effective Date, on or at any time during the seven days following such later date than the date falling 4 calendar months from the Effective Date that the Potential Merger either completes or lapses in accordance with its terms.

SEC may on or at any time following the occurrence of an event of default under the terms of the SEC Loan require the Conversion or repayment of all amounts due under the SEC Loan.

The conversion of the SEC Loan is capped such that the issue of new Porta ordinary shares to SEC, together with SEC's current interests in Porta of 16.9 per cent. of the current issued share capital, will not exceed 29.99 per cent. of the enlarged share capital of Porta. Shareholders should be aware that the number of ordinary shares to be issued pursuant to the SEC Loan is dependent on, among other things, when the SEC Loan is converted, because of the interest to be earned.

Following a Conversion, the Company shall repay any outstanding debt under the SEC Loan to SEC on 31 December 2019.

If there has been no Conversion, the Company shall pay any outstanding debt under the SEC Loan to SEC on 30 June 2020.

Certain Shareholders (including SEC and members of the board of directors of Porta) have also irrevocably undertaken to vote in favour of the Resolutions in respect of, in aggregate, 225,339,721 Existing Ordinary Shares, representing approximately 44.5 per cent. of the existing issued share capital of Porta.

In accordance with Rule 2.6(a) of the Code, SEC is required, by not later than 5.00 p.m. (London time) on 7 May 2019, being 28 days after today's date, to either announce a firm intention to make an offer to merge in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline can be extended with the consent of the Panel in accordance with Rule 2.6(c) of the Code.

Porta and SEC will make further announcements in due course, as appropriate.

There can be no certainty either that any firm merger offer will be made or as to the terms on which any offer might be made. This announcement has been made with the consent of SEC and Porta.

Notes

Under the proposed terms, Porta would propose a scheme of arrangement to Porta Shareholders to exchange all issued and to be issued ordinary share capital of Porta not already owned by SEC for shares in the capital of SEC on the basis of the Potential Merger Ratio.

SEC reserves the right, with the agreement or recommendation of the board of directors of Porta, to make an offer for Porta, at any time, (a) on less or more favourable terms than the Potential Merger Ratio described above; and (b) varying the exchange ratio and/or introducing other forms of consideration.

The person responsible for arranging the release of this announcement on behalf of Porta is Rhydian Bankes, CFO.

The person responsible for arranging the release of this announcement on behalf of SEC is Fiorenzo Tagliabue, CEO.

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Note for Editors: SEC

SEC Global is a partnership of agencies, specialising in advocacy, public relations and strategic communications, established 30 years ago in Italy and now spanning Europe and Latin America with offices in Bari, Berlin, Bogota, Brussels, Edinburgh, London, Madrid, Milan, Paris, Rome, Turin, Venice, Warsaw.

From 3 August 2017, SEC became one of Porta Communications Plc's major shareholders and, through Porta's network is able to provide support and advice to

clients in Abu Dhabi, Singapore, Greater China and Australia.

Notes for Editors: Porta

- Porta is a fully integrated communications agency, operating locally, nationally and internationally, with specialisms including financial, corporate and consumer public relations, public affairs and research and multi-capability marketing, brand and creative communications.
- The Group has offices in Abu Dhabi, Beijing, Brisbane, Bristol, Canberra, Cardiff, Leeds, Edinburgh, Hong Kong, London, Manchester, Melbourne, Perth, Greater China, Singapore and Sydney.
- Further information on Porta Communications is available at www.portacomms.com
- Further information on Newgate Communications is available at www.newgatecomms.com

Disclaimer

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Dealing disclosure requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Code applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests

and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Code applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Rule 26.1 disclosure

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available at www.portacomms.com and www.secglobalnetwork.com by no later than 12 noon (London time) on 11 April 2019. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Rule 2.9 Disclosures

In accordance with Rule 2.9 of the Code, as at the date of this announcement, SEC's issued share capital comprises 13,502,533 ordinary shares each of no par value (ISIN: IT0005200453).

In addition, and in accordance with Rule 2.9 of the Code, as at the date of this announcement, Porta's issued share capital comprises 506,525,115 ordinary shares of 1 penny each (ISIN:GB00B71C7K21).

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