28 May 2014

PORTA COMMUNICATIONS PLC

(the "Group" or "Porta")

Final Results for the 12 months ended 31 December 2013

Porta Communications plc, the AIM quoted international marketing and communications business is pleased to announce its final results for the 12 months ended 31 December 2013.

Financial Highlights

	Full year to December 2013 £000	Full year to December 2012 £000
Revenue	**24,441**	8,384
Gross profit	**11,191**	4,633
Headline EBITDA[1]	**1,377**	(522)
EPS on adjusted headline EBITDA	**1.0p**	(0.6p)
Reported loss	**(2,477)**	(4,917)

Financial and Operational Highlights

- Revenue approximately 3 times higher than in the previous period
- Gross profit 2.5 times higher than in the previous period
- EPS on adjusted headline EBITDA of 1.0p
- Positive EBITDA in final quarter of £650,000 after all exceptional costs, including start-ups
- Final quarter trend has continued in first three months of 2014
- Active acquisition programme in current year has commenced
- Successful placings to raise £5.5 million in aggregate
- Newgate established offices in Hong Kong, Singapore, Australia and Abu Dhabi

[1] Headline EBITDA excludes start-up losses, acquisitions and restructuring costs, exceptional legal and professional costs, share based payments and a bad debt expense

David Wright, Chief Executive, commented:

"It has been a year of significant growth for the Group. We have expanded our market presence in the Asia Pacific and Middle East regions as well as strengthening our existing businesses in the UK and Europe. With a number of new quality professionals welcomed during the year we are confident that the team we now have in place has the skills, experience, creativity and drive to deliver our ambitions."

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Chairman and Chief Executive's Statement

The Group has made outstanding progress in the year under review. Revenues of £24.4 million is almost three times higher than in the previous year while gross profit of £11.2 million is approximately 2.5 times that reported by the Group in 2012. More importantly, the Group achieved positive earnings before interest, taxation, depreciation and amortisation ('EBITDA') of approximately £0.65 million in the final quarter of the financial year after all exceptional costs including start-ups.

It was always the intention to form a profitable marketing and communications group that offered a fully integrated service on an international basis, built predominantly by start-up operations and the Board now feels that this initial strategy has been successfully completed and it is now looking to strengthen and build critical mass where needed by way of acquisitions. While there will still be some start-up costs as those planned for in Qatar and mainland China (Beijing and Shanghai), where we will shortly be advertising for suitable executives, the thrust in the current year will be from a more noticeable balance between organic and acquisition growth.

Most parts of the Group showed strong growth throughout the year, with a number of significant new business wins but it was in the final quarter of the financial year, particularly on the public relations side, that the business really gained momentum reflecting a buoyant stock market in new issues. This trend has continued into the current year.

The Board does not believe that the size of the reported loss indicates the efforts and progress made over the year. In this respect, to give an operational view of the progress made and the prospects for the current year, a number of one-off costs have been identified by the Board as follows:

	Year ended 31 December 2013 £	Year ended 31 December 2012 (as restated) £
EBITDA from continuing operations	**(1,894,670)**	(4,083,122)
Start-up losses*	2,160,125	1,539,155
Acquisition costs	64,069	197,165
Restructuring costs	337,441	79,000
Legal and professional consultancy costs	485,859	1,676,167
Share option expense	99,678	69,998
Bad debt expense	124,707	-
Adjusted headline EBITDA	**1,377,209**	(521,637)
EPS based on continuing operations	(2.0p)	(5.3p)
EPS based on adjusted headline EBITDA	1.0p	(0.6p)

* For the purposes of the above analysis, start-up losses are defined as the net operating result in the period of entities which are organically started businesses. Such businesses so defined will cease being separately defined at the earlier of two years from the commencement of the activity or when the activities show evidence of becoming sustainably profitable.

Communications

Newgate Communications, the global public relations brand, had an exceptional year of growth, with the start-ups in Australia, Hong Kong and Singapore making a significant impact to the fast-expanding global brand. In London the success in winning a number of IPO mandates both at the end of 2013 and well into 2014 has meant that the merger of Newgate Threadneedle with the other financial teams has been a great success.

Since the year end Porta has acquired a 51 per cent stake in Redleaf Polhill Limited (‘Redleaf’) for £1.795 million, with an option to acquire the minority holding over the next three years on similar terms to the initial consideration. Redleaf will remain as an independent brand within the Porta Group. More pleasing is that the integration of our international public relations activities, covering financial, corporate, public affairs and consumer is gaining traction and we are now being asked to pitch for some very large international mandates.

The division also includes Thirteen Communications (‘Thirteen’), a start-up business that began operations in the fourth quarter of 2013, offering a broad range of consultancy services in the consumer and corporate public relations sector. The Group increased its holding in Thirteen from 30%, the initial stake the Group received in exchange for start-up capital, to 51% by the payment of £350,000 which was satisfied by the issue of 2,692,300 ordinary shares of 10p each in the Group at a price of 13p per share. The Group’s plan for ownership was brought forward due to the success that Thirteen demonstrated in the volume of cross-selling with Newgate.

During the year the number of clients in the public relations division grew from 150 in 2012 to 275 as at 31 December 2013.

Hong Kong

The Newgate Communications (HK) Limited start-up, operating under the Newgate brand and managed by a team recruited from another agency, was operational for much of 2013, although initially some of the key executives were operating under tough restrictive covenants. Despite this, and very tough market conditions they have performed very well winning some attractive new clients in addition to winning a number of their previous clients once their covenants had lapsed. The management of this office will be responsible for our move into China and they will bear the start-up costs in Beijing and Shanghai in the current year.

Singapore

The office in Singapore (Newgate Communications Singapore Pte Limited), also operating under the Newgate brand, did not become operational until June when the new team became free from their restrictive covenants. Since then the team have won a significant amount of all new business opportunities presented to them despite a highly competitive market. All of our major competition see Singapore as their launch pad into the Asia-Pacific region and have recently opened offices. However we feel that our success will be driven by the quality of our local management team.

Australia

The Australian operation (Newgate Communications Pty Limited), for the same reason as in Singapore, did not commence trading until June but since then the growth has been impressive. The start-up costs were larger than we had anticipated, but the performance is ahead of management expectations. With a strong management team and 40 people, operating from offices in Sydney, Melbourne, Canberra and Brisbane the company has gone from strength to strength and is expected to be the largest profits contributor in 2014. They have just won the second phase of the MediBank privatisation where fees of around A$2,400,000 are currently expected. In addition they are now picking up some very large M&A projects.

PORTA

Marketing and Advertising

This division comprises Twenty20 Media Vision ('TTMV'), the Group's consumer advertising agency, which was acquired in 2012 and then merged with a subsequent acquisition, WFCA, based in Tunbridge Wells. Also included are the two start-up operations, 21:12 the financial services advertising agency, and 24-7 the in-house 24 hour studio. These two businesses were integrated along with the direct marketing start-up Crazy Horse (re-branded 21:12 Direct Marketing).

TTMV had a very good start and finish to the year, despite incurring a bad debt in December and some very quiet trading months in the summer. 21:12 has taken longer than expected to make a positive contribution, but with a number of very big client wins, a substantial improvement is expected in 2014.

Both TTMV and 21:12 require more critical mass to make a meaningful contribution going forward and the Group Board are actively looking for profitable bolt-on acquisitions where there are clear synergies with our existing operations. The process has already started at 21:12 following the March 2014 acquisitions of two operations from WSM Communications Group Limited. These include a print management company and a digital agency, which is already working on six internal projects.

Outlook

In addition to the plans for the marketing and advertising division described above, the Board believes that the Group needs to continue to expand its geographical coverage in Germany, France, India and North America. The Board has already identified potential acquisition targets in each of these areas. Within the UK we are also looking to build upon our successful consumer agency start-up Thirteen Communications.

The first three months have started as buoyantly as the final quarter of 2013 and the Board remains confident of delivering continued strong growth for the remainder of the current year.

Bob Morton & David Wright
Chairman of the Board & Chief Executive Officer

28 May 2014

To view the financial review, financial statements and notes to the financial statements click on, or paste the following link into your web browser

http://www.rns-pdf.londonstockexchange.com/rns/1755I_1-2014-5-28.pdf