



RNS Number : 1174E

Reach4Entertainment Enterprises PLC

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reach4entertainment enterprises plc
(‘r4e’, the ‘Company’ or the ‘Group’)

Year-end trading update

r4e, the transatlantic media and entertainment marketing company, is pleased to provide a trading update for the year ended 31 December 2017, during which the Company appointed a new senior management team and raised £5.5 million for future investment. The Company is expected to achieve Adjusted EBITDA* broadly in line with market expectations for the 12 months to 31 December 2017 and in line with current market expectations for 2018.

2017

In the second half of 2017, Marc Boyan was appointed as the Company’s new Chief Executive, with Michael Grade becoming non-executive Chairman. After a period of review, the Company has set out its strategy to expand upon existing activities and beyond into promoting non-theatre productions, both organically and through strategic acquisitions, as well as focusing on new geographic markets. To support these objectives and to provide working capital to aid cost saving initiatives, the Company successfully raised £5.5 million via a placing of new ordinary shares in December 2017.

Trading has been broadly in line with management expectations, with the financial performance reflecting reduced activity compared to the prior year. As previously announced, in the UK the terror incidents in London and Manchester resulted in some live events being cancelled and generally, in both the Company’s main markets of London and New York, there have been fewer new theatre productions, a key driver of Group profitability. The year also saw exceptional restructuring costs incurred of approximately £1 million, primarily employment related.

Further to the Company’s announcement on 18 October 2017 regarding its debt facility with PNC Business Credit (“PNC”), the Company can advise that it stayed within its full year banking covenants for 2017, as anticipated, and r4e and PNC are working towards a formal waiver of the covenant breach that occurred in the third quarter of 2017.

2018

Under the new senior management team, the current year is expected to be an active period for the business. The pipeline of prospective work across all three geographic markets is positive, and the Company is targeting expansion into promoting live entertainment events outside of the Company’s traditional theatre market as well as further



growth from Newman Displays and Dewynters Germany. Overall, the Directors anticipate an increase in activity levels over 2017.

At the end of 2017, the Company made a number of changes to the business, including a staff restructure, benefiting the underlying ongoing cost base. These factors are expected to contribute to improved Group profitability in 2018 in line with current market expectations of Adjusted EBITDA*.

**Adjusted EBITDA: earnings before interest, tax, depreciation and amortisation adjusted for exceptional items and share based charges.*

Marc Boyan, CEO of r4e, said:

“I believe we have made a good start. r4e occupies strong market positions in the leading theatre markets of London and New York. Our objective is to build upon these positions and expand beyond them. We have a clear plan of how to do this and we have started well by successfully raising new capital to support our objectives, together with some re-organisation and re-alignment of the divisions to improve the way we work as a single international business. Our focus is now on pursuing all elements of our strategy.”

Enquiries:

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