



RNS Number : 4718P

Reach4Entertainment Enterprises PLC.

31 August 2017

*The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").*

### **reach4entertainment enterprises plc**

(‘r4e’, ‘the Company’ or ‘the Group’)

### **Trading Update**

r4e, the transatlantic media and entertainment company, announces the following trading update.

2016, and in particular the first six months, was a very successful period for the business during which many of the Company’s major clients were very active in terms of launching new theatre productions and investing in marketing their existing productions. 2017 to date has not been as active in part due to the terrorist incidents in London and Manchester resulting in some live events being cancelled. In addition, the Company has been involved in fewer new theatre productions which are a key driver of Group profitability. As a result, the Directors anticipate that EBITDA for the 12 months to 31 December 2017 will be below market expectations.

That said, there is a good pipeline of new shows scheduled to be launched in 2018, some of which were postponed from this year, which r4e has won the mandates to represent. While activity in 2017 has been subdued especially for SpotCo, the US division, the newest division, Dewynters Germany, has had a good first 12 months and Dewynters in London has performed satisfactorily.

Importantly, the fundamentals of the Group remain sound. The Company is an established leader within the industry and has in the last two years been through a successful restructuring that has created an improved financial base which has enabled the business to invest in its longer term future.

Consequently, r4e is now providing an integrated international service to the worlds’ leading entertainment companies from its operations in London, New York and Hamburg, the three largest live entertainment centres globally. Good progress has also been made on the Company’s strategic goals of growing geographically, launching a data driven marketing and analytics business and the re-organisation and integration of key business groups.

The Company has been progressing the appointment of a new CEO who will be taking over the leadership of the business from David Stoller, who as previously stated will be stepping down from the Board at the end of September 2017.

In addition, on 20 July 2017 the Company announced a variation of the covenants on its 3-year secured asset based debt facility (the ‘Facility’) with PNC Business Credit (‘PNC’) to reflect the shift in the weighting of the Group’s revenues in 2016 and 2017 which affected the 12-month rolling covenant test. The weaker trading performance in the current financial year and in particular the shift in revenues towards the end of the year and into 2018 may result in a potential breach of the monitoring covenants in the 3<sup>rd</sup> quarter, however, the Company does expect to be comfortably within the banking covenants for the full year. The Company and PNC are monitoring the position carefully and remain in close correspondence, but the Directors of the Company understand that PNC remains supportive of r4e.

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