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Reach4Entertainment Enterprises PLC
30 June 2015

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

AGM Statement

r4e, the transatlantic media and entertainment marketing company, is holding its Annual General Meeting today and at the meeting, David Stoller, Executive Chairman of r4e, will make the following statement:

“I am pleased to confirm that the Company has made excellent progress since the start of the current financial year. After a long period of negotiations, the Board has agreed terms for the restructuring and reduction of the Group’s borrowings, thereby allowing us the opportunity to establish a new much stronger financial base for the Company going forward. I can also confirm that trading for the first six months of 2015 has been in line with our expectations.

Earlier this month, the Company announced the restructuring of the Group’s £14.8 million loan facility. The main elements of the agreement are that £5.2 million of the loan will be converted into equity equal to 12.5% of the Company’s issued share capital and the balance will be refinanced which on current expectations should reduce interest costs by approximately 40%.

This is a turning point for r4e, as once the refinancing is completed it will lift previous cash constraints and allow all three principal r4e businesses to focus on exploiting their leading positions in the growing markets in which they operate.

r4e’s group of interconnected companies are each independently recognised as leaders in their fields. Dewynters and SpotCo continue to lead in theatre and live entertainment marketing in London’s West End and New York’s Broadway respectively, whilst Newmans continues to be the leading sign and display specialist for theatre in the UK. These market positions are well suited to each other, generating shared opportunities which we can now take further advantage of.

The theatre market is positive both in the UK and the US. Last year in London’s West End gross box office revenue increased by 6.5% on 2013 with 14.7 million people attending the shows. In 2014, Dewynters supported 5014 performances seen by 6 million people including all the major musicals running in London.

Similarly in the US, Broadway has also grown. 2014 saw gross revenues in theatres total \$1.36 billion, a 14% increase on the previous year with 13.13 million people going to Broadway shows. SpotCo in 2014 was involved in the launch of 19 new theatre shows on Broadway and 14 more off Broadway – a very strong performance. 16 of SpotCo’s shows won prestigious Tony Awards, out of a total of 24 Tony’s awarded, further demonstrating SpotCo’s success.

In addition to traditional markets, our London based signage and fascia business, Newmans continues to develop into a valuable asset for r4e, and is well-positioned for growth, particularly in digital signage, which is expected to grow strongly over the next 5 years.

It was a strategic imperative to address the size of the Group's borrowings as the level of debt was too great for a Company of this size. It has been a difficult process but once the refinancing is completed, we will have a sound working structure, and we can once again look forward with confidence. The Company is very focussed on growth, through initially reinforcing our market positions and expanding our digital capabilities and, with access to capital, we expect to explore several acquisition opportunities as well as internally-generated initiatives, all of which we believe will contribute positively to our financial performance.

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