

reach4entertainment enterprises plc
Preliminary results for the year ended 31 December 2012



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Agenda

- Overview
- Financial Highlights
- Divisional Performance
- Strategic Priorities
- Summary
- Appendix

Highlights

- A positive and productive year that saw the Group return to profitability
- Group operating on an increasingly collaborative basis, with enhanced integration between London and New York operations
- Operations streamlined, with significant overhead reduction at head office
- Group on sounder financial footing – covenants agreed with AIB; earnout agreement executed with SpotCo vendor
- Successful launch, in early 2013, of first new initiative – reach4events – which has already delivered its first contracts

Financial Highlights

- Adjusted EBITDA¹ improved by £1.6m to £1.3m (2011²: loss of £0.3m) on revenue of £69.3m (2011²: £78.20m)
- Gross profit margin improved from 23.5 per cent to 25.9 per cent
- Profit before tax of £0.2m (2011²: loss of £3.0m)
- Profit after tax of £0.7m (2011²: loss of £2.9m)
- Earnings per share of 1.02p (2011²: loss of 4.98p)
- Cash position unchanged at £2.3m (31 Dec 2011: £2.3m)

¹ Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional costs

² 2011 is for the 13 month period ended 31 December 2011

Financial Summary and 2012 Preliminary Results



£'000	Year ended 31 December 2012	13 month period ended 31 December 2011
Revenue	69,326	78,198
Cost of sales	(51,354)	(59,804)
Gross Profit	17,972	18,394
Administrative expenses	(17,749)	(20,543)
Operating (loss) / profit	223	(2,149)
Net finance costs (plus, for 2012, gain on rescheduling of deferred consideration payment)	(61)	(803)
Profit / (loss) before tax	162	(2,952)
Taxation	547	151
Profit/ (loss) from continuing operations	709	(2,801)
Discontinued operations	(16)	(123)
Profit / (loss) for the year	693	(2,924)
Profit / (loss) per share	1.02	(4.98)

- Return to profitability at all levels: Adjusted EBITDA improved by £1.6m to £1.3m; profit for the year improved by £3.6m to £0.7m

Consolidated Statement of Financial Position

£m	31 December 2012	31 December 2011
Non-Current Assets	18.4	19.3
Current Assets	12.3	10.7
Total Assets	30.7	30.0
Current Liabilities	(13.6)	(14.5)
Non-Current Liabilities	(17.4)	(16.5)
Total Liabilities	(31.0)	(31.0)
Net (Liabilities) / Assets	(0.3)	(1.0)

- Company maintains a strong relationship with its lenders, Allied Irish Bank (“AIB”) and agreed a set of financial covenants with AIB in relation to the Company's £14.8 million revolving credit facility (“RFC”); the covenants took effect from 31 December 2012 and remain in place for the duration of the RCF, which matures in May 2015
- Debt repayment agreement entered into on 14 November 2012 with the vendor of SpotCo, restructuring the outstanding debt of \$4.2m relating to the Company's acquisition of SpotCo in 2008; \$0.7m repaid to date
- Cash of £2.3m at period end

Segmental Financial Information

£m	Year ended 31 December 2012		13 month period ended 31 December 2011	
	Revenue	Profit	Revenue	Profit
NY Operations ¹	36.1	0.2	45.5	(0.3)
London Operations ²	33.2	0.7	32.7	(0.0)
Total Revenue	69.3		78.2	
Head Office	-	(0.7)	-	(1.8)
Operating Profit		0.2		(2.1)
Net Finance Costs		(0.6)		(0.8)
Gain on rescheduling of deferred consideration		0.5		-
Profit before tax and discontinued operations		0.2		(3.0)

- Healthy performance from London operations offset by weaker performance from NY operations, a trend the Group is seeking to reverse in 2013

¹ NY Operations: SpotCo and DAI; ² London Operations: Dewynters and Newman Displays

London operations – Dewynters and Newman Displays

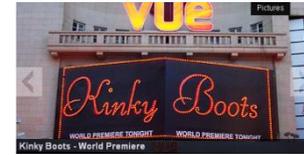
DEWYNTERS

Dewynters, founded in 1876, provides specialist full-service theatre marketing and branding. Services include: marketing, design, advertising, promotions, digital media and merchandise.

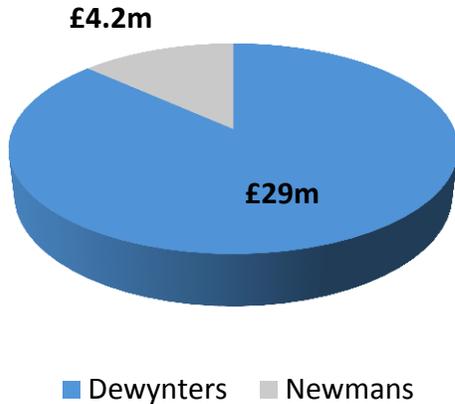


Founded in 1988, Newman Displays is the UK's leading large scale outdoor signage, display and installation company.

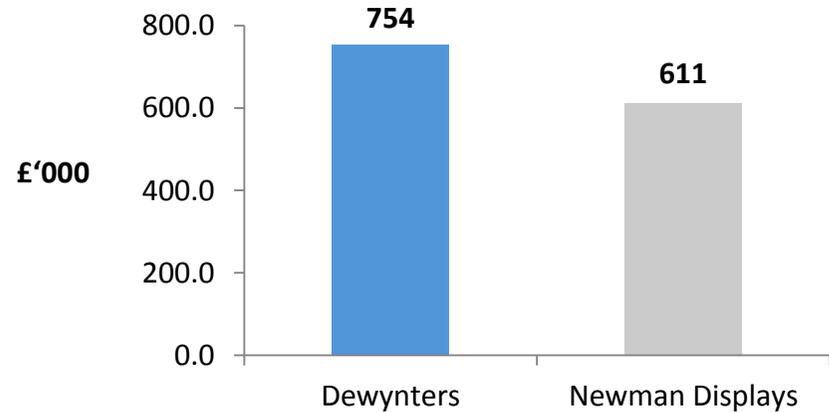
Its clients include major West End theatre productions, leading film companies, cinemas and major global events.



Dewynters and Newman Displays 2012 Revenue - £33.2m



Dewynters and Newman Displays 2012 Adjusted EBITDA - £1.37m



WHAT WE DO

SELECTED CLIENTS

2012 FINANCIAL PERFORMANCE

New York operations – SpotCo and Dewynters Advertising Inc.

WHAT WE DO



Established in 1996, SpotCo is a world-leading theatrical marketing agency that also services clients across opera, dance, music, galleries, museums and live events.

SELECTED CLIENTS



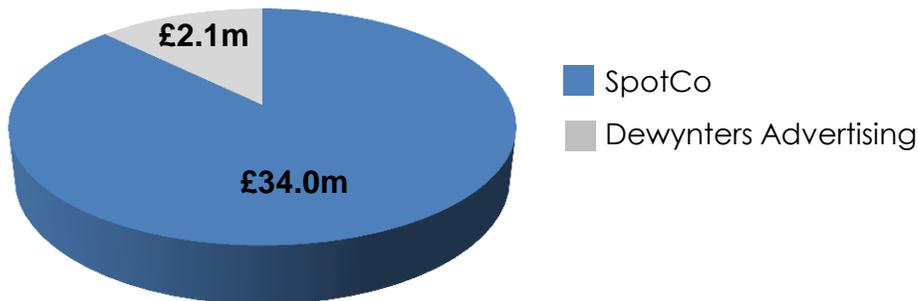
THEATREMERCHANDISE.COM

Founded in 1983, Theatremerchandise.com is the official in-theatre merchandising operation for some of the biggest theatrical productions on Broadway. The company produces a wide variety of merchandise, promotional items, souvenir brochures and programmes.

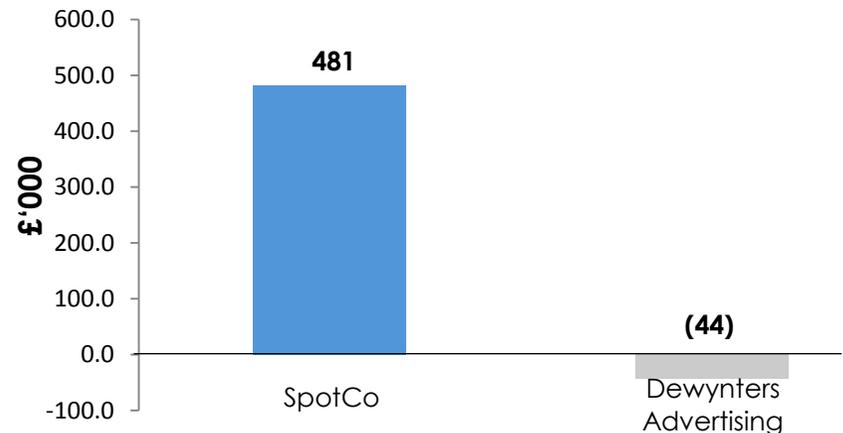


SpotCo and Dewynters Advertising 2012 Revenue – £36.1m

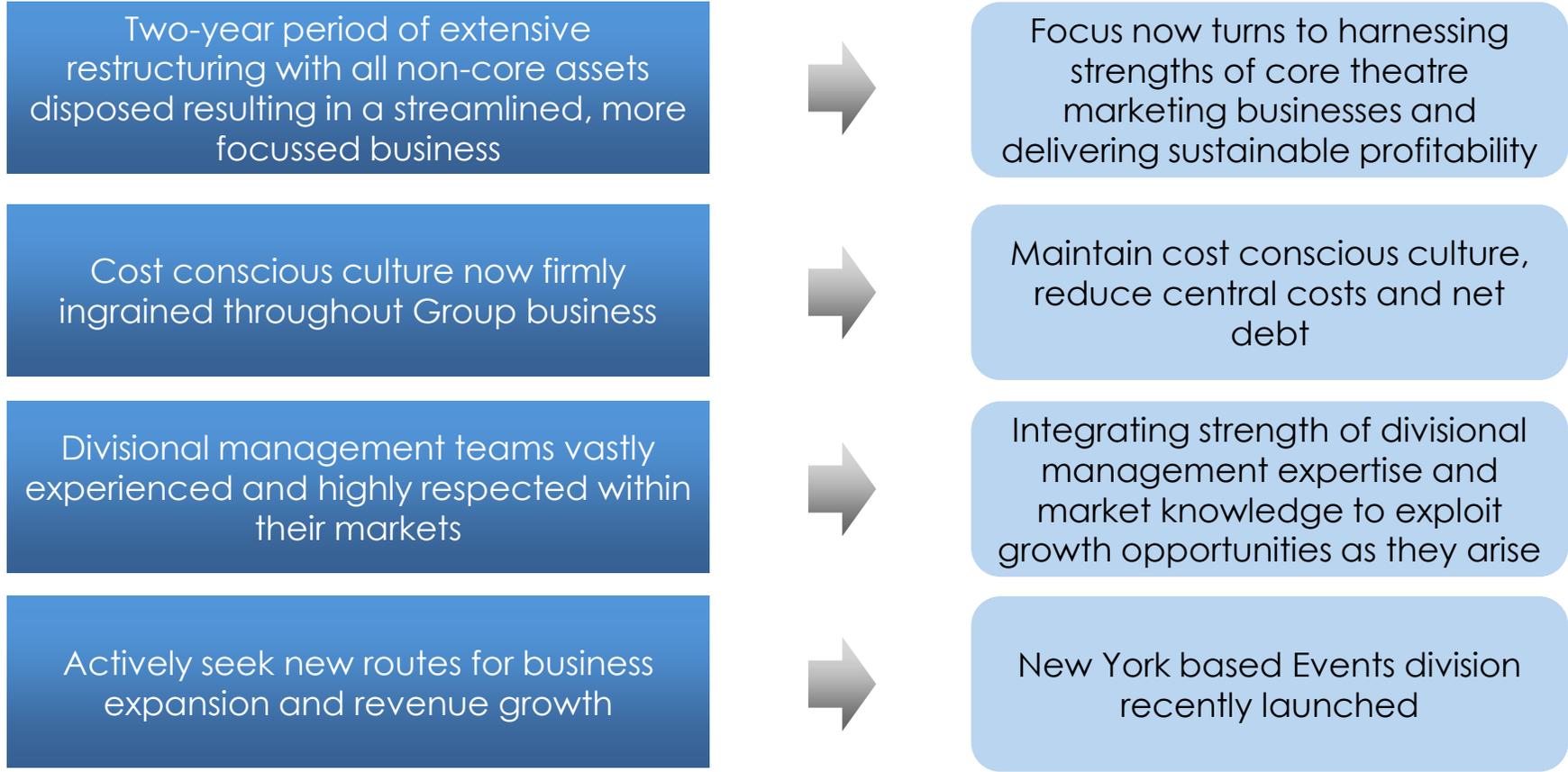
2012 FINANCIAL PERFORMANCE



SpotCo and Dewynters Advertising 2012 Adjusted EBITDA – £0.4m



Delivering on strategic priorities



Established businesses with market-leading positions and well respected management teams leaves r4e well positioned to exploit growth potential in the short-term

Summary – Outlook and Prospects

- Improved financial performance in 2012
- Restructuring action completed; streamlined business with renewed focus and enhanced financial stability
- Strategic focus on three distinct areas:
 - Harness strengths of core theatre marketing businesses to further develop market-leading positions by driving integration on transatlantic basis
 - Maintain cost-conscious culture and, where possible, eliminate further costs, particularly from Group centre
 - Leverage core skill set to exploit opportunities in associated market sectors; working on a number of new initiatives that have exciting potential
- Group trading profitably and confident of delivering further progress

With restructuring activity completed and each of our operating divisions holding market leading positions, r4e is well placed to embark on a period of sustained growth

Appendix

Corporate Profile

Company Description (AIM:R4E)

reach4entertainment enterprises plc is an entertainment, advertising and marketing company. The Company provides a wide range of advertising and marketing services for live and filmed entertainment, including market research, print production, media strategy, publishing and sponsorship. www.r4e.com

Summary

Shares in issue	74.89m
Market Capitalisation	£2.9m
52 Week High	12.56p
52 Week Low	3.25p
YTD	-1.38p / -26.19%

Source: Morningstar (at market close 8/4/13)

Operating Divisions



DEWYNTERS

Newman
DISPLAYS LIMITED



THEATREMERCHANDISE.COM

12 month share price performance



Source: Morningstar

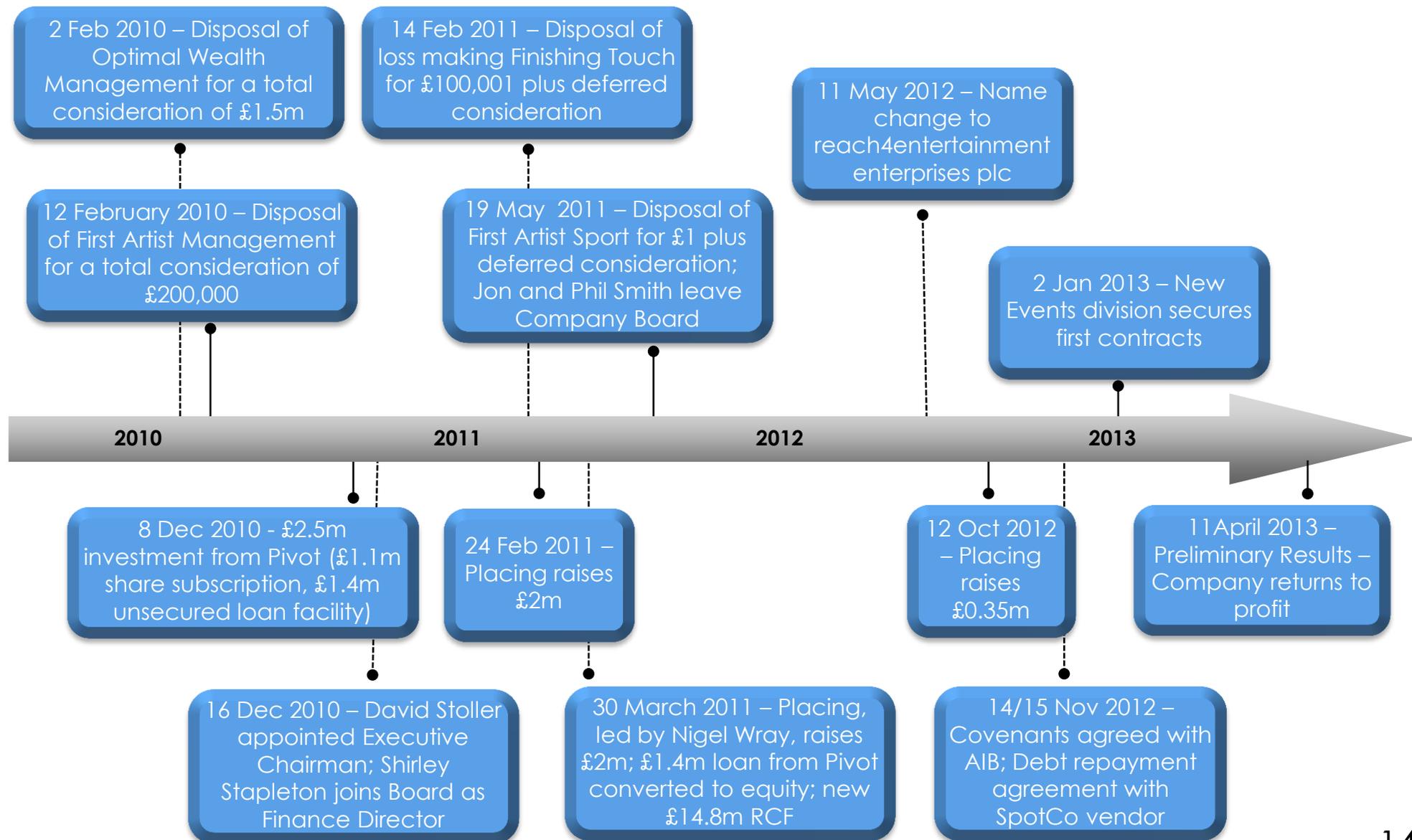
Shareholder overview

Major Shareholders	Amount (m)	Holding %
Stoller Family Partners LLP	18.93	25.27
Webb Asset Management Ltd	8.49	11.33
Herald Investment Management	7.33	9.78
Roy Nominees Limited	6.00	8.01
JM Finn Nominees Limited	5.96	7.96
Barclayshare Nominees Ltd	3.54	4.73

Source: Capita Registrars

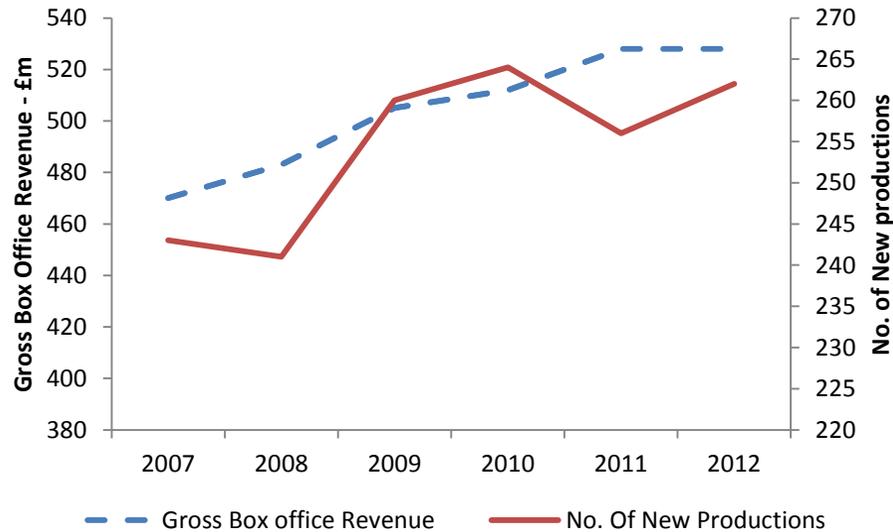
¹ Theatremerchandise.com is the operating name for Dewynters Advertising Inc.

Measured progress, reshaped business – Increased stability and financial robustness



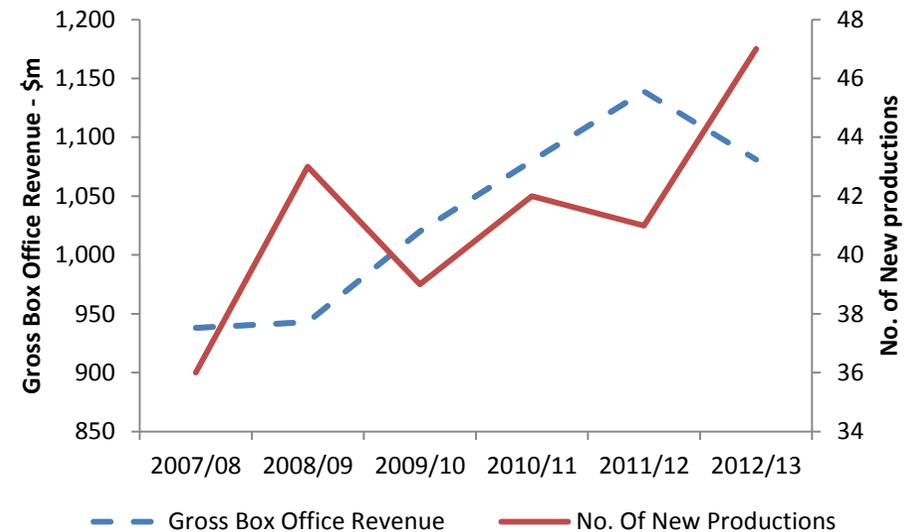
Well placed in growing markets

Gross box office revenue and new show openings - London



Source: The Society of London Theatre Box Office 2012

Gross box office revenue and new show openings - Broadway



Source: www.broadwayleague.com (Official website of the Broadway theatre industry)

- Positive trends in both key territories – London and New York – in terms of gross box office takings and new production openings, the latter being a key revenue driver for the Group

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