

Metrofile Holdings Limited: Incorporated in the Republic of South Africa (Registration number 1983/012697/06)
Share code: MFL
ISIN: ZAE000061727 ("Metrofile" or "the Company" or "the group")

UNAUDITED SUMMARISED GROUP RESULTS
for the six months ended 31 December 2017

Revenue up R456,1m (2016: R380,7 million)
EBITDA UP R127,6m (2016: R127,5 million)
EPS UP 18,6c (2016: 16,7 cents)
HEPS DOWN 15,6c (2016: 16,7 cents)
DPS UNCHANGED 13,0c (2016: 13,0 cents)

Summarised consolidated income statement

	Unaudited six months ended 31 Dec 2017	Unaudited six months ended 31 Dec 2016	Audited 12 months ended 30 Jun 2017
R'000			
Revenue	456 050	380 651	769 239
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	127 573	127 456	247 329
Depreciation	(20 376)	(17 556)	(34 917)
Operating profit before finance costs	107 197	109 900	212 412
Net finance costs	(15 781)	(8 882)	(18 056)
Finance income	825	1 791	3 649
Finance costs	(16 606)	(10 673)	(21 705)
Profit on disposal of business	12 544	-	-
Profit before taxation	103 960	101 018	194 356
Taxation	(25 975)	(27 610)	(54 979)
Profit for the period	77 985	73 408	139 377
Attributable to:			
Owners of the parent	77 474	70 777	135 019
Non-controlling interests	511	2 631	4 358
Profit for the period	77 985	73 408	139 377
Further information			
Number of ordinary shares in issue (thousands)	416 164	422 846	421 103
Weighted average number of ordinary shares in issue (thousands)	417 233	424 994	425 954
Basic earnings per ordinary share			
Basic earnings per ordinary share (cents)	18,6	16,7	31,8
Diluted earnings per ordinary share			
Diluted earnings per ordinary share (cents)	18,6	16,7	31,8
Headline earnings per ordinary share			
Headline earnings per ordinary share (cents)	15,6	16,7	31,8
Dividend per ordinary share			
Interim dividend per ordinary share - proposed/paid (cents)	13,0	13,0	13,0
Final dividend per ordinary share - proposed/paid (cents)			17,0

Summarised consolidated statement of cash flows

	Unaudited 12 months ended 31 Dec 2017	Unaudited 12 months ended 31 Dec 2016	Audited 12 months ended 30 Jun 2017
R'000			
Cash generated from operations before net working capital changes	129 101	129 994	251 620
(Increase)/decrease in net working capital	(9 473)	8 477	24 568
Cash generated from operations	119 628	138 471	276 188
Net finance costs paid	(15 781)	(8 882)	(18 056)
Normal taxation paid	(31 595)	(33 231)	(60 191)
Net cash inflow from operating activities	72 252	96 358	197 941
Net cash outflow from investing activities:			
Investment in property: expansion	(23 266)	(24 305)	(37 669)

Investment in plant and equipment: expansion	(21 895)	(15 252)	(36 398)
Investment in plant and equipment: replacement	(6 027)	(1 707)	(5 832)
Proceeds on disposal of property, plant and equipment	479	352	1 326
Translation of foreign fixed assets	450	-	1 827
Investment in associate and joint venture	(1 500)	-	(7 259)
Proceeds on disposal of business	12 545	-	-
Acquisition of business	(77 862)	-	-
Net cash inflow/(outflow) from financing activities:			
Issue of shares	-	-	39 234
Purchase of treasury shares	(19 937)	(11 009)	(58 732)
Dividends paid	(71 214)	(80 823)	(135 900)
Loans repaid	(2 244)	(16 733)	(34 317)
Loans drawn down	129 515	75 000	75 000
Net (decrease)/increase in cash and cash equivalents	(8 704)	21 881	(779)
Cash and cash equivalents at the beginning of the period	24 593	25 372	25 372
Cash and cash equivalents at the end of the period	15 889	47 253	24 593
Represented by:			
Bank balances	31 505	48 170	27 866
Bank overdrafts	(15 616)	(917)	(3 273)

Summarised segmental information

	REVENUE			EBITDA		
	Unaudited six months ended 31 Dec 2017	Unaudited six months ended 31 Dec 2016	Audited 12 months ended 30 Jun 2017	Unaudited six months ended 31 Dec 2017	Unaudited six months ended 31 Dec 2016	Audited 12 months ended 30 Jun 2017
R'000						
Records Management	321 744	313 867	629 701	85 484	91 623	165 304
Property Companies (Occupied by Records Management businesses)	36 689	33 082	66 964	36 689	33 082	66 964
Tidy Files	72 195	-	-	8 520	-	-
CSX Customer Services	40 058	31 400	69 337	(613)	(2 541)	(2 362)
Other	27 760	41 335	85 983	(2 507)	5 292	17 423
Intergroup	(42 396)	(39 033)	(82 746)	-	-	-
Total	456 050	380 651	769 239	127 573	127 456	247 329
South African operations	409 117	338 037	682 726	122 418	121 738	235 635
Non-South African operations	46 933	42 614	86 513	5 155	5 718	11 694
		OPERATING PROFIT			TANGIBLE ASSETS	
	Unaudited six months ended 31 Dec 2017	Unaudited six months ended 31 Dec 2016	Audited 12 months ended 30 Jun 2017	Unaudited six months ended 31 Dec 2017	Unaudited six months ended 31 Dec 2016	Audited 12 months ended 30 Jun 2017
R'000						
Records Management	71 703	77 984	138 589	346 636	327 686	337 861
Property Companies (Occupied by Records Management businesses)	36 689	33 082	66 964	341 398	305 742	318 151
Tidy Files	5 705	-	-	38 617	-	-
CSX Customer Services	(3 568)	(2 723)	(3 439)	33 469	24 589	32 428
Other	(3 332)	1 557	10 298	65 024	97 799	62 047
Total	107 197	109 900	212 412	825 144	755 816	750 487
South African operations	104 869	107 022	205 407	747 245	682 926	674 040
Non-South African operations	2 328	2 878	7 005	77 899	72 890	76 447

"Records Management" represents the global document storage and management and scanning business units which are managed and operated geographically.

"Other" includes Metrofile Holdings, Rainbow Paper Management, Global Continuity and Cleardata.

Summarised consolidated statement of changes in equity

					Total equity before		Non-controlling	Total
	Share capital	Share premium	Accumulated profits	Other reserves	minority apportionment			
Balance at 30 June 2016	2 625	579 359	50 047	11 367	643 398	16 943	660 341	
Purchase of Treasury Shares	-	(11 009)	-	-	(11 009)	-	(11 009)	
IFRS2 Equity reserve relating to share schemes	-	-	-	3 477	3 477	-	3 477	
Minority contribution on acquisition of subsidiary	-	-	-	-	-	2 886	2 886	

Share scheme settlement	-	-	-	(2 797)	(2 797)	-	(2 797)
Dividends declared	-	-	(80 823)	-	(80 823)	-	(80 823)
Total comprehensive income for the period ended							
31 December 2016	-	-	70 777	(2 344)	68 433	1 086	69 519
Balance at 31 December 2016	2 625	568 350	40 001	9 703	620 679	20 915	641 594
Purchase of Treasury Shares	-	(47 723)	-	-	(47 723)	-	(47 723)
Shares issued	50	39 184	-	-	39 234	-	39 234
IFRS2 Equity reserve relating to share schemes	-	-	-	2 721	2 721	-	2 721
Reversal of prior year non-controlling interest and loss of joint venture	-	-	-	-	-	-	-
	-	-	731	-	731	1 700	2 431
Dividends declared	-	-	(55 407)	-	(55 407)	-	(55 407)
Total comprehensive income for the period ended 30 June 2017	-	-	64 242	(469)	63 773	1 021	64 794
Balance at 30 June 2017	2 675	559 811	49 567	11 955	624 008	23 636	647 644
Purchase of Treasury Shares	-	(19 937)	-	-	(19 937)	-	(19 937)
IFRS2 Equity reserve relating to share schemes	-	-	-	2 548	2 548	-	2 548
Acquisition of remaining 30% shareholding in Cleardata	-	-	7 725	-	7 725	(7 725)	-
Disposal of 100% shareholding in Rainbow Paper Management	-	-	(4 952)	-	(4 952)	-	(4 952)
Share scheme settlement	-	-	-	(3 996)	(3 996)	-	(3 996)
Dividends declared	-	-	(71 386)	-	(71 386)	-	(71 386)
Total comprehensive income for the period ended							
31 December 2017	-	-	77 474	(1 269)	76 205	(493)	75 712
Balance at 31 December 2017	2 675	539 874	58 428	9 238	610 215	15 418	625 633

Summarised consolidated statement of financial position

		Unaudited six months ended	Unaudited six months ended	Audited 12 months ended
R'000	Notes	31 Dec 2017	31 Dec 2016	30 Jun 2017
ASSETS				
Non-current assets		878 588	743 913	769 061
Property	1	341 069	304 439	317 803
Plant and equipment		229 590	214 727	220 300
Goodwill		287 963	217 177	216 938
Intangible assets		-	1 770	-
Investment in unlisted associates		8 796	449	7 739
Long-term receivable		2 528	525	375
Deferred tax asset		8 642	4 826	5 906
Current assets		251 957	236 125	212 009
Inventories		27 267	18 805	19 068
Trade receivables		155 508	126 702	134 582
Other receivables		35 241	42 448	30 493
Taxation		2 436	-	-
Bank balances		31 505	48 170	27 866
Total assets		1 130 545	980 038	981 070
EQUITY AND LIABILITIES				
Equity and reserves		625 633	641 594	647 643
Equity attributable to owners of the parent		610 215	620 679	624 007
Non-controlling interests		15 418	20 915	23 636
Non-current liabilities		348 602	199 850	181 978
Interest-bearing liabilities	2	321 948	174 263	156 904
Deferred taxation liability		26 654	25 587	25 074
Current liabilities		156 310	138 594	151 449
Trade and other payables		84 954	66 856	73 761
Deferred revenue		13 986	13 413	12 968
Bank overdraft		15 616	917	3 273
Provisions		899	137	2 351
Taxation		-	764	2 814
Interest-bearing liabilities	2	40 855	56 507	56 282
Total equity and liabilities		1 130 545	980 038	981 070

Notes:

- The majority of the groups properties have been pledged as security against certain loans to the group.
- Long term interest-bearing liabilities represent the Metrofile (Pty) Ltd amortising and revolving facilities.
Short term interest-bearing liabilities include the portions of the Metrofile (Pty) Ltd amortising loan facility

and Group company loan agreements payable within one year. The Metrofile (Pty) Ltd borrowings are JIBAR linked, whilst the other borrowings are prime linked.

Summarised consolidated
statement of comprehensive income

	Unaudited six months ended 31 Dec 2017	Unaudited six months ended 31 Dec 2016	Audited 12 months ended 30 Jun 2017
R'000			
Profit for the period	77 985	73 408	139 377
Other comprehensive income for the period net of tax*			
Currency movement on translation of foreign subsidiaries	(2 273)	(3 889)	(5 064)
Total comprehensive income for the period	75 712	69 519	134 313
Attributable to:			
Owners of the parent	76 205	68 433	132 206
Non-controlling interests	(493)	1 086	2 107

*All items will subsequently be reclassified to profit and loss

Reconciliation of headline earnings

	Unaudited six months ended 31 Dec 2017	Unaudited six months ended 31 Dec 2016	Audited 12 months ended 30 Jun 2017
R'000			
Profit attributable to owners of the parent	77 474	70 777	135 019
Profit on disposal of Rainbow business	(12 544)	-	-
Loss/(profit) on disposal of plant and equipment	71	(71)	(132)
Tax effect of above items	72	65	314
Headline earnings	65 073	70 771	135 201
Headline earning per ordinary share (cents)	15,6	16,7	31,8

Commentary on the results

Metrofile is Africa's market leader in records and information management, offering a range of physical storage and digital services, as well as the confidential destruction and recycling of records. Founded and listed in South Africa, the Group is growing steadily in the Middle East and other African countries.

The Records Management division operates from 52 facilities, at 27 locations, covering 101 309 square metres of warehousing and office space.

Metrofile is a 57,4% black-owned company. Its empowerment partner and shareholder of reference, Mineworkers Investment Company ("MIC"), owns 37.24% of Metrofile's equity.

Overview of interim results

Revenue increased by 19.8% to R456,1 million, and EBITDA remained relatively unchanged at R127,6 million. Basic earnings per share ("EPS") increased by 11.4% to 18.6 cents per share, whilst headline earnings per share ("HEPS") decreased by 6.6% to 15.6 cents per share, as a result of the gain on sale of Rainbow Paper Management of R12,5 million

Cash generated from operations before net working capital changes remained relatively unchanged at R129,1 million, while cash generated from operations decreased 13.6% to R119,6 million.

R51,2 million in capital expenditure was incurred of which R45,2 million was expansionary capex.

The Group's net interest-bearing debt amounted to R378,4 which equates to an annualised Debt: EBITDA ratio of approximately 1,48 times. After the acquisition of G4S Secure Data Solutions (Kenya) Limited, which was effective after the reporting date, debt is expected to increase to R659,8 million which represents a 2.59 times multiple to current

annualised EBITDA. The Board has targeted maintaining debt levels of between 1,5 - 2,5 times sustainable EBITDA.

Business growth during the reporting period has been adversely impacted by continued weak economic condition in South Africa, the continued delay in the implementation of a governmental contract in South Africa, and the ongoing embargo implemented against Qatar by selected GCC States.

Alleged irregularities at a subsidiary company

It was previously reported that alleged irregularities were discovered in Cleardata, (a non-materials subsidiary) which were subject to a forensic audit. The forensic audit has been substantially concluded. As a result thereof, criminal charges were initiated against a former executive. The alleged irregularities appear to have reduced the reported earnings of this division in prior periods but no current expense has been incurred in addition.

Growth outside of South Africa

Markets outside of South Africa continue to offer significant growth opportunities, as evidenced by improved operating performance in Botswana, Mozambique and Zambia.

Notwithstanding the unresolved socio-economic and political disruption in the GCC States of the Middle East, Metrofile recorded revenue growth of 10,1% from our operations outside of South Africa, which contributed 10,3% of the total revenue for the period.

The Group continues to seek strategic acquisitions in targeted geographies in Africa and the Middle East.

Corporate Activity

In line with its acquisition strategy, and focus on core cradle to grave Records and Information Management business, the following changes in investments occurred during the period:

Acquisition of Tidy Files (SA) Proprietary Limited

In July 2017, the Group acquired a 100% interest in Tidy Files (SA) Proprietary Limited, a company registered and operating in South Africa for a consideration of R77,9 million from cash resources. Tidy Files is a leading provider of end-to-end document management and storage solutions in Southern Africa, renowned for the design, supply and implementation of Paper-based and Electronic Document and Records Management Solutions.

Acquisition of Minority Shareholder's Interest in Cleardata Proprietary Limited

During the period, the Group acquired the remaining 30% minority interest in Cleardata for nominal value.

Disposal of Rainbow Paper Management Proprietary Limited

The Group disposed of its 100% interest in Rainbow Paper Management Proprietary Limited, resulting in a profit on disposal of investment of R12,5 million.

Value creation strategy

Metrofile intends to enhance its growth prospects and expansion by:

- Targeting more direct growth organic growth in South Africa;
- Broadening its offering of products and services, particularly in the digital space;
- Expanding in Africa, the Middle East and other emerging markets through acquisition and partnerships; and
- Evolving into a technology company grounded on record storage.

More specifically, Metrofile is:

- Rolling out best practices from each business unit across the group;
- Re-inventing and enhancing our services based on shifting customer needs;

- Bringing in new or outsource partners in complementary niches; and
- Continuing its focus on acquiring relevant, complementary businesses in the technology and RIM sectors.

Basis of preparation and accounting policies

The Group results have been prepared, under the supervision of Mr MC McGowan CA(SA). The summarised financial information has been prepared in accordance with the framework concepts and measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guidelines and AC 500 Standards as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the information as required by IAS 34: Interim Financial Reporting, the JSE Listings Requirements and the requirements of the Companies Act of South Africa. These interim results were prepared using accounting policies that comply with IFRS, and are consistent with those applied in the financial statements for the year ended 30 June 2017.

Certain accounting pronouncements became effective during the current financial period; however, these do not have an impact on either transactions or disclosures.

Related parties

In terms of a consulting agreement, and as approved at the Annual General Meeting, fees of R0,81 million (2016: R0,77 million) were paid to MIC during the period under review.

Directorate and corporate governance

The board currently comprises of two executive and eight non-executive directors, of whom five are independent directors.

Mr IN Matthews remains the lead independent director, however, as per the SENS announcement he will retire on 30 June 2018.

Ms S Zilwa, a member of the Audit, Governance and Risk Committee, was appointed as the Chairman of the Committee with effect from 1 July 2017, in place of Mr IN Matthews, who remains on the Committee as a Committee member.

Ms L Mthimunye-Bakoro was appointed as an Independent Non-Executive Director and a member of its Audit, Governance and Risk Committee and Social, Ethics and Transformation Committee with effect from 1 July 2017.

Dividends

The Board has targeted maintaining debt levels at least at 1,5 times EBITDA. At the end of the previous financial year, the Board resolved to reduce dividend cover from a target of 1,5 times to a target range of 1,25 to 1,5 times and until the minimum debt levels were achieved, the Board resolved to pay dividends with cover below the target range.

The interim dividend for the period of 13,0 cents per share represents dividend cover of 1,2 times interims HEPS.

Notice is hereby given that an interim gross cash dividend of 13,0 cents per share in respect of the period ended 31 December 2017 has been declared payable, from income reserves, to the holders of ordinary shares recorded in the books of the Company on Friday, 13 April 2018.

The last day to trade cum-dividend will therefore be Tuesday, 10 April 2018 and Metrofile shares will trade ex-dividend from Wednesday, 11 April 2018. Payment of the dividend will be on Monday, 16 April 2018. Share certificates may not be dematerialised or rematerialised between from Wednesday, 11 April 2018 (which is ex-date) to Friday,

13 April 2018, both days inclusive. Withholding tax on dividends will be deducted for all shareholders who are not exempt in terms of the legislation at a rate of 20% which will result in a final net cash dividend of 10.4 cents per share. The Company's issued share capital at the period end is 435 140 268 shares and the Company's tax number is 9375/066/71/0.

Commitments

Metrofile owns or leases premises based on the prevailing economic realities in each country where we operate. Operating lease commitments amount to R86,7 million for the next five years. Capital investment plans for the full financial year amount to R108,6 million.

Events after the reporting date

Acquisition of G4S Secure Data Solutions (Kenya) Limited

As previously announced, in January 2018, the Group acquired a 100% interest in the issued share capital of G4S Secure Data Solutions (Kenya) Limited, the largest records management company in East Africa, for a maximum purchase consideration of KES2.125 billion (approximately R281,4 million.)

Establishment of Dexterity Digital Solutions (Pty) Limited

In line with the Group's value creation strategy to provide annuity related services in the cloud environment, which compliment the traditional annuity based RIM offering, the Group acquired a 62.5% investment in Dexterity Digital Solutions (Pty) Limited.

There have been no other material events after the reporting date.

Share issues and Buy-backs

During the year, under the share repurchase program sanctioned by the Board, a total of 5 000 000 shares were acquired at a price range of R3,96 to R4,01 (average price R3,99).

There are accordingly 416 164 210 shares in issue, net of treasury shares, at 31 December 2017.

Outlook and opportunities

Data and information management is growing in importance as the world becomes increasingly digitally connected. As the value of transforming raw data into usable information is recognised and becomes widespread, the wealth of data that Metrofile stores or digitises is increasingly a sought-after resource. Metrofile remains well placed in the forefront of an industry that is evolving rather than shrinking. Metrofile anticipates a stronger second half earnings.

This statement has not been reviewed or audited by Metrofile's auditors.

Christopher Seabrooke
Non-executive Chairman

Pfungwa Serima
Group Chief Executive Officer

Senderwood, Gauteng
13 March 2018

Corporate information

Metrofile Holdings Limited: Incorporated in the Republic of South Africa (Registration number 1983/012697/06)
Share code: MFL

ISIN: ZAE000061727 ("Metrofile" or "the Company" or "the group")

Registered office: 41 Wordsworth Avenue Senderwood Bedfordview 2007

www.metrofileholdings.com

Sponsor: The Standard Bank of South Africa Limited

Transfer secretaries: Computershare Investor Services (Pty) Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196

Directors: CS Seabrooke^* (Chairman), MS Bomela* (Deputy Chairman),
PG Serima (CEO), MC McGowan (CFO), P Langeni^^, CN Pongwani*, L Mthimunye-Bokoro*
IN Matthews†*, GD Wackrill*, SV Zilwa^^ Company Secretary: P Atkins
†Lead independent ^Independent *Non-executive