

NORMALISED REVENUE
R796,5 million

NORMALISED EBITDA
R253,0 million

NORMALISED HEPS
33,8 cents per share

DIVIDENDS PER SHARE FOR THE YEAR
30,0 cents per share

10,5%

6,9%

4,6%

42,9%

metrofile

Holdings Limited

PRELIMINARY AUDITED GROUP RESULTS

for the year ended 30 June 2016

Summarised consolidated income statement

	Audited 12 months ended 30 June 2016	Audited 12 months ended 30 June 2015	Normalised Unaudited 12 months ended 30 June 2016	Normalised Unaudited 12 months ended 30 June 2015
R'000				
Revenue	777 577	701 898	796 497	720 873
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	235 024	218 426	253 045	236 603
Depreciation	(35 737)	(31 636)	(36 362)	(32 320)
Operating profit before finance costs	199 287	186 790	216 683	204 283
Net finance costs	(14 687)	(13 084)	(12 805)	(12 402)
Finance income	4 646	7 492	4 646	7 492
Finance costs	(19 333)	(20 576)	(17 451)	(19 894)
Profit before taxation	184 600	173 706	203 878	191 881
Taxation	(48 949)	(46 244)	(54 347)	(51 333)
Profit for the year	135 651	127 462	149 531	140 548
Attributable to:				
Owners of the parent	130 129	124 620	144 009	137 706
Non-controlling interests	5 522	2 842	5 522	2 842
Profit for the year	135 651	127 462	149 531	140 548
Further information				
Number of ordinary shares in issue (thousands)	425 084	427 084	425 084	427 084
Weighted average number of ordinary shares in issue (thousands)	425 944	425 831	425 944	425 831
Basic earnings per ordinary share				
Basic earnings per ordinary share (cents)	30,6	29,3	33,9	32,3
Diluted earnings per ordinary share				
Diluted earnings per ordinary share (cents)	30,6	29,2	33,9	32,3
Headline earnings per ordinary share				
Headline earnings per ordinary share (cents)	30,5	29,3	33,8	32,3
Dividend per ordinary share				
Interim dividend per ordinary share – paid (cents)	11,0	9,0	11,0	9,0
Final dividend per ordinary share – proposed/paid (cents)	19,0	12,0	19,0	12,0

Summarised consolidated statement of comprehensive income

	Audited 12 months ended 30 June 2016	Audited 12 months ended 30 June 2015	Normalised Unaudited 12 months ended 30 June 2016	Normalised Unaudited 12 months ended 30 June 2015
R'000				
Profit for the year	135 651	127 462	149 531	140 548
Other comprehensive income for the year net of tax*	656	(773)	656	(773)
Hedge accounting for fair value on interest rate swaps	–	133	–	133
Currency movement on translation of foreign subsidiary	656	(906)	656	(906)
Total comprehensive income for the year	136 307	126 689	150 187	139 775
Attributable to:				
Owners of the parent	130 551	123 812	144 431	136 898
Non-controlling interests	5 756	2 877	5 756	2 877

* All items will subsequently be reclassified to profit and loss.

Reconciliation of headline earnings

	Audited 12 months ended 30 June 2016	Audited 12 months ended 30 June 2015	Normalised Unaudited 12 months ended 30 June 2016	Normalised Unaudited 12 months ended 30 June 2015
R'000				
Profit attributable to owners of the parent	130 129	124 620	144 009	137 706
Profit on disposal of plant and equipment	(294)	(231)	(294)	(231)
Tax effect of above items	179	205	179	205
Headline earnings	130 014	124 594	143 894	137 680
Headline earning per ordinary share (cents)	30,6	29,3	33,8	32,3

Summarised segmental information

	Revenue		EBITDA	
	Audited 12 months ended 30 June 2016	Audited 12 months ended 30 June 2015	Audited 12 months ended 30 June 2016	Audited 12 months ended 30 June 2015
R'000				
Records Management	612 318	545 217	159 346	145 224
Property Companies (Occupied by Records Management businesses)	59 901	53 366	59 901	53 366
CSX Customer Services	95 997	95 975	(1 060)	6 512
Other	79 904	70 992	16 837	13 324
Intergroup	(70 543)	(63 652)	–	–
Total	777 577	701 898	235 024	218 426
	Operating profit		Tangible assets	
	Audited 12 months ended 30 June 2016	Audited 12 months ended 30 June 2015	Audited 12 months ended 30 June 2016	Audited 12 months ended 30 June 2015
R'000				
Records Management	131 438	121 423	339 755	405 372
Property Companies (Occupied by Records Management businesses)	59 901	53 366	294 785	259 106
CSX Customer Services	(1 647)	5 788	23 590	22 346
Other	9 595	6 213	67 088	56 555
Total	199 287	186 790	725 218	743 379

Records Management represents the global document storage and management and scanning business units which are managed and operated geographically.
Other includes Metrofile Holdings, Cleardata, Global Continuity, Lexie Legal Services and Rainbow Paper Management.

Summarised consolidated statement of financial position

	Audited as at 30 June 2016	Audited as at 30 June 2015
R'000		
ASSETS	722 858	660 262
Non-current assets	722 858	660 262
Property	292 835	258 349
Plant and equipment	204 317	202 051
Goodwill	218 573	194 615
Intangible assets	1 868	–
Investment in associate	449	–
Long-term receivable	559	1 574
Deferred tax assets	4 257	3 673
Current assets	227 506	281 405
Inventories	19 443	14 549
Trade receivables	136 293	121 245
Other receivables	46 053	25 094
Bank balances	25 717	120 517
Total assets	950 364	941 667
EQUITY AND LIABILITIES		
Equity and reserves	660 341	630 407
Equity attributable to owners of the parent	643 398	617 520
Non-controlling interests	16 943	12 887
Non-current liabilities	144 942	175 160
Interest-bearing liabilities	123 297	156 125
Deferred taxation liability	21 645	19 035
Current liabilities	145 081	136 100
Trade and other payables	69 658	71 305
Deferred revenue	13 427	12 331
Bank overdraft	345	49
Provisions	2 678	2 436
Taxation	9 768	2 616
Interest-bearing liabilities	49 205	47 363
Total equity and liabilities	950 364	941 667
Net asset value per ordinary share (cents)	151,4	144,6

Notes:
1. The majority of the group's properties have been pledged as security against certain loans to the group.
2. Other receivables includes a prepayment on land acquired for which transfer had not been registered at 30 June 2016.
3. 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 cash flows

	Audited 12 months ended 30 June 2016	Audited 12 months ended 30 June 2015
R'000		
Cash generated from operations before net working capital changes	229 066	222 315
(Increase)/decrease in net working capital	(41 208)	38 211
Increase in normal net working capital	(41 208)	(25 823)
Decrease in net normal working capital due to insurance claim	–	64 034
Cash generated from operations	187 858	260 526
Net finance costs paid	(14 687)	(13 084)
Dividends paid	(97 835)	(72 297)
Normal taxation paid	(39 724)	(58 568)
Net cash inflow from operating activities	35 612	116 577
Net cash outflow from investing activities		
Investment in property: expansion	(21 786)	(6 354)
Investment in plant and equipment: expansion	(44 578)	(35 536)
Investment in property: replacement	–	(17 322)
Investment in plant and equipment: replacement	(7 192)	(7 952)
Proceeds on disposal of property, plant and equipment	1 506	1 684
Additions to intangible assets	(1 967)	–
Investment in associate company	(449)	–
Acquisition of subsidiary	(25 256)	(28 575)
Net cash outflow from financing activities		
Loans repaid	(30 986)	(35 253)
Loans drawn down	–	97 919
Net (decrease)/increase in cash and cash equivalents	(95 096)	85 188
Cash and cash equivalents at the beginning of the year	120 468	35 280
Cash and cash equivalents at the end of the year	25 372	120 468
Represented by:		
Bank balances	25 717	120 517
Bank overdrafts	(345)	(49)

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
70 Marshall Street, Johannesburg, 2001

Directors
CS Seabrooke** (Chairman)
MS Bomela* (Deputy Chairman)
PG Serima (CEO)
MC McGowan (CFO)
P Langeni**
CN Mapeure*
IN Matthews†
GD Wackrill**
SV Zilwa**

† Lead independent
* Independent
* Non-executive

Company Secretary
P Atkins

Commentary on the results

Profile
Metrofile is the dominant service provider in both physical and digital information and records management in Africa. The group is represented in the six major provinces of South Africa, Botswana, Mozambique, Nigeria, Zambia, the United Arab Emirates, Qatar, Oman and, through subsidiary CSX Customer Services, undertakes contracts in various other African countries. The Metrofile Records Management division operates from 44 facilities, at 21 locations, covering more than 87 136 square metres of warehousing and office space. In accordance with its owner/lessee model, 68% of these facilities are owned by the group. The rest of the group's divisions lease their premises. In order to optimise operational efficiency, Metrofile has a long-term target of owning approximately 70% of the properties from which the Metrofile Records Management division operates.

Services include physical and digital Records Storage and Management, Image Processing, Backup Storage and Management, Records Management Software and Records Management Consultancy, Business Continuity and IT Continuity, File plan development, Confidential Records Destruction, Paper Recycling as well as the sale and maintenance of a wide range of business equipment, including scanners, library security systems, mailing and packaging machines.

Metrofile has been listed on the JSE Limited ("JSE") since 1995 and its ordinary shares are quoted in the "Support Services" sector of the JSE. Metrofile is a black-owned company with black ownership amounting to 53,36% whilst its largest shareholder is its empowerment partner, Mineworkers Investment Company ("MIC") which owns 34,41% of Metrofile's equity.

Strategy
Metrofile will continue to expand its services in the information management sector, through both innovation and acquisition. The continued focus on cross-selling the group's diverse range of services to both new and existing customers remains a key part of the group's international strategy. The necessity for businesses to not only archive but manage all types of records, whether they be in physical or digital format, positions the group well to assist companies with their record-keeping requirements, thereby mitigating risk to the organisation.

The group's expansion strategy continues to take cognisance of potential target countries' business and political environment, governance, market attractiveness, language, infrastructure, logistics, education and labour force, potential client industries and overall risk.

Financial review
IFRS required that 36 months' business interruption insurance proceeds relating to a fire at a facility in 2013 be recognised in full in the 2014 financial year. Normalised results are accordingly presented again, recognising this receipt over 36 months in order to present more representative results for each affected reporting period.

Normalised revenue increased by 10,5% to R796,5 million, whilst normalised EBITDA increased by 6,9% to R253,0 million.

Normalised headline earnings increased by 4,5% to R143,9 million.

Normalised basic earnings per share ("EPS") increased by 5,0% to 33,9 cents and normalised headline earnings per share ("HEPS") increased by 4,6% to 33,8 cents. It should be noted that during the period the group incurred non-recurring costs of R8,7 million after tax equal to 2 cents per share arising from Head Office restructuring and one-off CEO transition costs.

Cash generated from operations before net working capital changes increased by 3,0% whilst the cash generated from operations decreased by 27,9%.

Capital investments of R73,6 million were effected mainly for expansion and included the development of new facilities in Mbombela and Cape Town, and the purchase of racking, equipment and mobile shredding units of R44,6 million required for growth.

The group's total interest bearing debt amounted to R172,5 million at the year end, which equates to a Debt: Normalised EBITDA ratio of 0,68 times.

Dividend policy
The Board has targeted maintaining debt levels at least at 1,5 times EBITDA. However, continued strong cash generation has resulted in leverage remaining below this level. The Board has accordingly resolved to reduce dividend cover from a target of 1,5 times to a target range of 1,25 to 1,5 times with effect from the 2016 financial year. In addition, until the minimum debt levels are achieved, the Board has further resolved to pay dividends with cover below the target range. The dividend for 2016 has accordingly been increased by 42,9% to 30 cents per share representing cover of 1,1 times.

Acquisitions
In line with its bolt-on geographical acquisition strategy, the group acquired interests in the following subsidiaries during the period:

- 100% shareholding in Document Bank Botswana (Botswana) – effective 1 January 2016;
- 49% shareholding in Al Bidda Metrofile LLC (Qatar) – effective 1 January 2016;
- 40% shareholding in Lexie Legal Services (Pty) Ltd (South Africa) – effective 1 January 2016; and
- 51% shareholding in E-File Teejan LLC via E-File Masters LLC (Oman) – effective 1 February 2016.

Where applicable, goodwill has been recognised on the acquisitions as the group's cash-generating units are expected to benefit from the synergies of the combinations.

Summarised consolidated statement of changes in equity

	Share capital	Share premium	Accumulated profits/(losses)	Other reserves	Total equity before non-controlling interest	Non-controlling interest	Total
R'000							
Balance at 30 June 2014 (audited)	2 601	570 893	(21 889)	10 189	561 794	6 028	567 822
Shares issued in terms of share schemes	24	18 043	–	–	18 067	–	18 067
IFRS 2 Equity reserve relating to share schemes	–	–	–	4 211	4 211	–	4 211
Share scheme settlement	–	–	(12 474)	(5 593)	(18 067)	–	(18 067)
Minority contribution on acquisition of subsidiary	–	–	–	–	–	3 982	3 982
Dividends declared	–	–	(72 297)	–	(72 297)	–	(72 297)
Total comprehensive income for the year ended 30 June 2015	–	–	124 620	(808)	123 812	2 877	126 689
Balance at 30 June 2015 (audited)	2 625	588 936	17 960	7 999	617 520	12 887	630 407
Purchase of treasury shares	–	(9 577)	–	–	(9 577)	–	(9 577)
IFRS 2 Equity reserve relating to share schemes	–	–	–	4 440	4 440	–	4 440
Share scheme settlement	–	–	(1 494)	(1 494)	(2 988)	–	(2 988)
Minority contribution on acquisition of subsidiary	–	–	–	–	–	(1 700)	(1 700)
Dividends declared	–	–	(98 042)	–	(98 042)	–	(98 042)
Total comprehensive income for the year ended 30 June 2016	–	–	130 129	422	130 551	5 756	136 307
Balance at 30 June 2016 (audited)	2 625	579 359	50 047	11 367	643 398	16 943	660 341