

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")

PRELIMINARY UNAUDITED
 INTERIM GROUP RESULTS
 for the six months ended 31 December 2016

REVENUE
 R380,6 million

1,6% increase

EBITDA
 R127,5 million

4,7% increase

HEPS
 16,7 cents per share

3,7% increase

DIVIDENDS PER SHARE FOR THE PERIOD
 13 cents per share

18,2% increase

Summarised consolidated
 income statement

		Unaudited six months ended 31 Dec 2016	Unaudited six months ended 31 Dec 2015	Audited 12 months ended 30 June 2016
R'000	Note			
Revenue		380 651	374 687	777 577
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	1	127 456	121 687	235 024
Depreciation		(17 556)	(18 726)	(35 737)
Operating profit before finance costs		109 900	102 961	199 287
Net finance costs		(8 882)	(7 194)	(14 687)
Finance income		1 791	2 887	4 646
Finance costs		(10 673)	(10 081)	(19 333)
Profit before taxation		101 018	95 767	184 600
Taxation		(27 610)	(25 823)	(48 949)
Profit for the period		73 408	69 944	135 651
Attributable to:				
Owners of the parent		70 777	68 608	130 129
Non-controlling interests		2 631	1 336	5 522
Profit for the period		73 408	69 944	135 651
Further information				
Number of ordinary shares in issue	(thousands)	422 846	427 084	425 084
Weighted average number of ordinary shares in issue	(thousands)	424 994	426 800	425 944
Basic earnings per ordinary share				
Basic earnings per ordinary share	(cents)	16,7	16,1	30,6
Diluted earnings per ordinary share				
Diluted earnings per ordinary share	(cents)	16,7	16,1	30,6
Headline earnings per ordinary share				
Headline earnings per ordinary share	(cents)	16,7	16,1	30,5
Dividend per ordinary share				
Interim dividend per ordinary share - proposed/paid	(cents)	13,0	11,0	11,0
Final dividend per ordinary share - proposed/paid	(cents)			19,0

Summarised consolidated
 statement of comprehensive income

	Unaudited six months ended 31 Dec	Unaudited six months ended 31 Dec	Audited 12 months ended 30 June

R'000	2016	2015	2016
Profit for the period	73 408	69 944	135 651
Other comprehensive income for the period net of tax*			
Currency movement on translation of foreign subsidiary	(3 889)	696	656
Total comprehensive income for the period	69 519	70 640	136 307
Attributable to:			
Owners of the parent	68 433	68 532	130 551
Non-controlling interests	1 086	2 108	5 756

*All items will subsequently be reclassified to profit and loss

Reconciliation of headline earnings

	Unaudited six months ended 31 Dec 2016	Unaudited six months ended 31 Dec 2015	Audited 12 months ended 30 June 2016
R'000			
Profit attributable to owners of the parent	70 777	68 608	130 129
Profit on disposal of plant and equipment	(71)	(191)	(294)
Tax effect of above items	65	112	179
Headline earnings	70 771	68 529	130 014
Headline earning per ordinary share (cents)	16,7	16,1	30,6

Summarised segmental information

	Revenue			EBITDA		
	Unaudited six months ended 31 Dec 2016	Unaudited six months ended 31 Dec 2015	Audited 12 months ended 30 June 2016	Unaudited six months ended 31 Dec 2016	Unaudited six months ended 31 Dec 2015	Audited 12 months ended 30 June 2016
R'000						
Records Management Property Companies (Occupied by Records Management businesses)	313 867	295 330	612 318	91 623	80 825	159 346
CSX Customer Services	31 400	42 566	95 997	(2 541)	(477)	(1 060)
Other	41 335	42 495	79 904	5 292	11 584	16 837
Intergroup	(39 033)	(35 459)	(70 543)	-	-	-
Total	380 651	374 687	777 577	127 456	121 687	235 024

	Operating profit			Tangible assets		
	Unaudited six months ended 31 Dec 2016	Unaudited six months ended 31 Dec 2015	Audited 12 months ended 30 June 2016	Unaudited six months ended 31 Dec 2016	Unaudited six months ended 31 Dec 2015	Audited 12 months ended 30 June 2016
R'000						
Records Management Property Companies (Occupied by Records Management businesses)	77 984	65 900	131 438	327 686	339 333	339 755
CSX Customer Services	33 082	29 755	59 901	305 742	272 850	294 785
Other	(2 723)	(772)	(1 647)	24 589	26 724	23 590
Other	1 557	8 078	9 595	97 799	95 932	67 088
Total	109 900	102 961	199 287	755 816	734 839	725 218

"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 financial position

	Notes	Unaudited six months ended 31 Dec 2016	Unaudited six months ended 31 Dec 2015	Audited 12 months ended 30 June 2016
R'000				
ASSETS				
Non-current assets		743 913	688 925	722 858
Property	1	304 439	272 222	280 134
Plant and equipment		214 727	216 953	217 018

Goodwill		217 177	194 615	218 573
Intangible assets		1 770	-	1 868
Investment		449	-	449
Long-term receivable		525	730	559
Deferred tax asset		4 826	4 405	4 257
Current assets		236 125	244 933	227 506
Inventories		18 805	17 333	19 443
Trade receivables		126 702	123 958	136 293
Other receivables		42 448	36 289	46 053
Bank balances		48 170	67 353	25 717
Total assets		980 038	933 858	950 364
EQUITY AND LIABILITIES				
Equity and reserves		641 594	639 960	660 341
Equity attributable to owners of the parent		620 679	624 965	643 398
Non-controlling interests		20 915	14 995	16 943
Non-current liabilities		199 850	165 386	144 942
Interest-bearing liabilities	2	174 263	140 552	123 297
Deferred taxation liability		25 587	24 834	21 645
Current liabilities		138 594	128 512	145 081
Trade and other payables		66 856	67 374	69 658
Deferred revenue		13 413	12 517	13 427
Bank overdraft		917	-	345
Provisions		137	414	2 678
Taxation		764	884	9 768
Interest-bearing liabilities	2	56 507	47 323	49 205
Total equity and liabilities		980 038	933 858	950 364
Net asset value per ordinary share	(cents)	146,8	146,3	151,4

- 1 The majority of the Group's properties have been pledged as security against certain loans to the Group.
2 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

	Unaudited six months ended 31 Dec 2016	Unaudited six months ended 31 Dec 2015	Audited 12 months ended 30 June 2016
R'000			
Cash generated from operations before net working capital changes	118 985	126 978	229 066
Decrease/(increase) in net working capital	8 477	(22 458)	(41 208)
Cash generated from operations	127 462	104 520	187 858
Net finance costs paid	(8 882)	(7 194)	(14 687)
Dividends declared	(80 823)	(51 166)	(97 835)
Normal taxation paid	(33 231)	(22 479)	(39 724)
Net cash inflow from operating activities	4 526	23 681	35 612
Net cash outflow from investing activities:			
Investment in property: expansion	(24 305)	(12 965)	(21 786)
Investment in plant and equipment: expansion	(15 252)	(43 847)	(44 578)
Investment in property: replacement	-	(907)	-
Investment in plant and equipment: replacement	(1 707)	(4 222)	(7 192)
Proceeds on disposal of property, plant and equipment	352	759	1 506
Additions to intangible assets	-	-	(1 967)
Investment in associate company	-	-	(449)
Increase in shareholding of subsidiary and acquisition of business	-	-	(25 256)
Net cash inflow/(outflow) from financing activities:			
Loans repaid	(16 733)	(15 614)	(30 986)
Loans drawn down	75 000	-	-

Net increase/(decrease) in cash and cash equivalents	21 881	(53 115)	(95 096)
Cash and cash equivalents at the beginning of the period	25 372	120 468	120 468
Cash and cash equivalents at the end of the period	47 253	67 353	25 372

Summarised consolidated statement of changes in equity

	Share capital	Share premium	Accumulated profits/(losses)	Other reserves	Total equity before minority apportionment	Non-controlling	Total
R'000							
Balance at 30 June 2015	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			4483	(2 910)	1 573		1 573
Share scheme settlement			(1 833)		(1 833)		(1 833)
Dividends declared			(51 250)		(51 250)		(51 250)
Total comprehensive income for the period ended 31 December 2015			68 608	(76)	68 532	2 108	70 640
Balance at 31 December 2015	2 625	579 359	37 968	5 013	624 965	14 995	639 960
IFRS 2 Equity reserve relating to share schemes			(2 650)	5 856	3 206		3 206
Minority contribution on acquisition of subsidiary						(1 700)	(1 700)
Dividends declared			(46 792)		(46 792)		(46 792)
Total comprehensive income for the period ended 30 June 2016			61 521	498	62 019	3 648	65 667
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)
IFRS 2 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

Commentary on the results

Profile

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 36,6% of Metrofile's equity.

Overview of interim results

After three years of reporting normalised results following an insurance payment for a fire at a Metrofile facility, our reporting reverts to actual results in the 2016/17 financial year.

Revenue increased by 1,6% to R380,7 million, whilst headline earnings increased by 3,3% to R70,8 million. Basic earnings per share ("EPS") and headline earnings per share ("HEPS") both increased by 3,7% to 16,7 cents.

Cash generated from operations before net working capital changes decreased by 6,3% while cash generated from operations increased by 21,9%.

R41,3 million in capital expenditure was incurred of which R39,6 million was allocated primarily to expanding facilities.

The Group's net interest bearing debt amounted to R230,7 million at the period end, which equates to an annualised Debt: EBITDA ratio of approximately 0,9 times.

Business growth has been adversely impacted in this reporting period by weak economic conditions in South Africa and a refocusing process initiated in the Group.

Robust growth outside of South Africa

Despite a certain degree of socio-economic disruption in the Arabian Gulf region, Metrofile recorded double-digit revenue contributions from our operations outside of South Africa. These markets offer significant growth opportunities and Metrofile continues to seek

strategic acquisitions in targeted geographies.

In order to maximise the opportunities on the African continent, we have appointed an executive reporting directly to the CEO to oversee Metrofile's operations in Africa, beyond South Africa's borders.

Value creation strategy

Metrofile intends to enhance its growth prospects and expansion by:

- Targeting more direct growth organically aimed at widening its customer base 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; and
- Bringing in new or outsource partners in complementary niches.

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 2016.

Related parties

In terms of a consulting agreement, and as approved at the Annual General Meeting, the MIC fees of R0,77 million (2016: R0,72 million) were paid during the period under review.

Directorate and corporate governance

The Board currently comprises of two executive and seven non-executive directors, of whom four are independent directors. There have been no changes to the composition of the Board during the period under review. Mr IN Matthews remains the lead independent director.

Dividends

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. 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 cover for the period has accordingly been increased by 18,2% to 13,0 cents per share representing cover of 1,3 times.

Notice is hereby given that an interim gross cash dividend of 13,0 cents per share in respect of the period ended 31 December 2016 has been declared payable, from income reserves, to the holders of ordinary shares recorded in the books of the Company on Friday, 7 April 2017. The last day to trade cum-dividend will therefore be Tuesday, 4 April 2017 and Metrofile shares will trade ex-dividend from Wednesday, 5 April 2017. Payment of the dividend will be on Monday, 10 April 2017. Share certificates may not be dematerialised or rematerialised from Wednesday, 5 April 2017 (which is ex-date) to Friday, 7 April 2017, 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 422 846 064 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 R98,0 million for the next five years. Capital

investment plans for the full financial year amount to R130,5 million.

Events after the reporting date

- Subscription of additional shares by MIC Investment Holdings ("MICIH")

On 4 January 2017, MICIH, a subsidiary of MIC, acquired an additional 8 056 258 Metrofile shares to raise its stake in Metrofile by 2,0% to 36,6% in total, net of Treasury Shares, as approved by shareholders in December 2016.

- Closed period share buy-back programme
Subsequent to the period end, the Company initiated a closed period share buy-back program, the details of which are reflected below.

There have been no other material events after the reporting date.
Share buy-backs

The Company has acquired shares through the market as follows:

15 December 2016 to 31 December 2016
2 370 840 shares at a price range of R4,80 to R5,01

1 January 2017 to 3 March 2017
6 915 366 shares at a price range of R4,81 to R5,21 (through a closed period buying programme.)

There are accordingly 423 986 956 shares in issue, net of treasury shares, at 6 March 2017.

Outlook and opportunities

Data and information management is growing in importance as the world becomes increasingly digitally connected. Metrofile is placed in the forefront of an industry that is evolving rather than shrinking. 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.

Growth in our industry will also be driven by incoming legislation in South Africa and our targeted economies. This will compel organisations to prioritise the effective storage and recording of their customer information.

We expect a reasonable year despite trading conditions, and further progress in implementing our growth strategies.

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

Christopher Seabrooke
Non-executive Chairman
6 March 2017
Senderwood
Gauteng

Pfungwa Serima
Chief Executive Officer

Corporate information

Directors
CS Seabrooke* (Chairman)
MS Bomela* (Deputy Chairman)

PG Serima (CEO)

MC McGowan (CFO)
P Langeni*

Registered office
41 Wordsworth Avenue
Senderwood
Bedfordview
2007
www.metrofileholdings.com

CN Pongweni*
IN Matthews†*
GD Wackrill*
SV Zilwa*

† Lead independent

Sponsor

@ Independent

The Standard Bank of South Africa Limited

* Non-executive

Transfer secretaries

Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue,
Rosebank 2196

Company Secretary
P Atkins

