METROFILE HOLDINGS LIMITED

Incorporated in the Republic of South Africa

(Registration number 1983/012697/06)

Share Code: MFL ISN: ZAE000061727

("Metrofile" or "the Company" or "the Group")

ANNUAL FINANCIAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2020

SALIENT FEATURES

REVENUE DOWN TO R903M – DECREASED BY 1%
OPERATING PROFIT DOWN TO R217M – DECREASED BY 11%
NET DEBT IMPROVED TO R524M – IMPROVED BY 11%
FINANCE COSTS R59M – IMPROVED BY 18%
EPS DOWN TO (3.4c) – DECREASED BY >100%
HEPS UP TO 24.8c – INCREASED BY 21%
NHEPS DOWN TO 26.8c – DECREASED BY 2%
DPS UP TO 13c - INCREASED BY 30%

RESULTS OVERVIEW

Results overview for the financial year:

- Revenue from continuing operations decreased by 1% to R903 million following the impact of the lockdown measures that significantly impacted the digital services and products and solutions revenue streams.
- Operating profit from continuing operations decreased 3% to R217 million following the reduced trading performance in 2HFY20.
- Net debt (excluding lease liabilities) improved by 11% to R524 million following the improved focus on cash generation.
- Finance costs (excluding interest on leases) improved by 18% to R59 million as a result of lower debt, following improved working capital management and focus on capital allocation.
- EPS decreased by more than 100% to (3.4c) mainly as a result of the R118 million impairment of goodwill relating to the MRM Rest of Africa CGU and Tidy Files.
- HEPS increased 21% to 24.8c mainly as a result of improved finance costs, which were partially offset by lower trading due to the lockdown measures.
- NHEPS decreased by 2% to 26.8c mainly as a result of the increase in the number of shares in issue as well as the adoption of IFRS 16 Leases.
- DPS increased by 30% to 13c and includes a final cash dividend of 7c per share.

REVENUE

Revenue from continuing operations decreased by 1% to R903 million (FY2019: R913 million) due to the impact of the lockdown measures on the digital services and products and solutions revenue streams.

Secure storage contributed 65% to Group revenue and was up 4% year-on-year mainly as a result of increased box volumes. This was partially offset by a reduction in box related services, such as handling fees and transport of boxes. Closing box volumes for the Group at 30 June 2020 were 11.1 million (30 June 2019: 11.1 million). Net box volume growth of 2% from existing operations was achieved for the year, which was offset by exiting Zambia and Nigeria. New box volume intake for the year increased 7% from new and existing customers and was partially offset by destructions and withdrawals. Geographical performance in terms of box volume growth resulted in net box volume growth in South Africa of 1%, Middle East of 3% and Rest of Africa of 9% (offset by 14% due to exiting Zambia and Nigeria).

Digital services contributed 14% to Group revenue and was down 8% year-on-year, along with products and solutions which contributed 15% to Group revenue and was down 15% year-on-year. Digital services was largely impacted due to the reduction in activity in scanning in 2HFY20 due to the impact of the lockdown measures. Products and solutions was largely impacted by the mandatory temporary closure of the manufacturing facility during the April 2020 level 5 lockdown, which subsequently reopened in May 2020 under level 4 lockdown restrictions, and has seen a gradual ramp-up to June 2020. Business support services contributed 6% to Group revenue and was up 6% year-on-year as a result of improved trading in the first half of the financial year.

OPERATING PROFIT AND EBITDA

Operating profit from continuing operations decreased by 3% to R217 million (FY2019: R224 million) mainly as a result of the decrease in revenue and was offset by a reduction in costs. EBITDA from continuing operations increased by 11% to R302 million (FY2019: R271 million) as a result of the adoption of IFRS 16 Leases.

CASH AND DEBT

Net finance costs were 6% lower following the adoption of IFRS 16 Leases, however excluding the impact of the new accounting standard, finance costs improved by 18% as a result of lower debt levels. Net debt reduced by 11% to R524 million following improved cash generation, working capital management and focus on capital allocation.

SUMMARISED FINANCIALS (R'000)

	12 MONTHS ENDED 30 JUNE 2020	12 MONTHS ENDED 30 JUNE 2019
REVENUE*	903 272	913 415
EBITDA*	301 696	271 174
OPERATING PROFIT*	217 274	223 734
EPS (CENTS)	(3.4)	1.8
HEPS (CENTS)	24.8	20.5
NHEPS (CENTS)	26.8	27.2
DPS (CENTS)	13.0	10.0
NET DEBT#	523 607	588 136

* From continuing operations.

Net debt is calculated net of interest-bearing receivables and borrowings, cash and overdraft and excludes lease liabilities.

REPORT OF THE INDEPENDENT AUDITORS

The summarised consolidated financial statements for the year ended 30 June 2020 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual consolidated financial statements from which the summarised consolidated financial statements were derived. The annual consolidated financial statements and auditor's report, including key audit matters, are available on the Company's website https://www.metrofilegroup.com/investor-relations/.

FINAL DIVIDEND

The Board has resolved to declare a final cash dividend of 7 cents per share.

Notice is hereby given that a final gross cash dividend of 7 cents per share in respect of the year ended 30 June 2020 has been declared payable from income reserves, to the holders of ordinary shares recorded in the books of the Company on Friday, 2 October 2020. The last day to trade cum-dividend will therefore be Tuesday, 29 September 2020 and Metrofile shares will trade ex-dividend from Wednesday, 30 September 2020. Payment of the dividend will be on Monday, 5 October 2020. Share certificates may not be dematerialised or rematerialised from Wednesday, 30 September 2020 (which is ex-date) to Friday, 2 October 2020, 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 5.60000 cents per share. The Company's issued share capital at the period end is 452 649 116 shares and the Company's tax number is 9375/066/71/0.

OUTLOOK

The 2020 financial year has been a year of strong progress in addressing key operational areas that will enable us to witness predictable growth across our lines of business in the future, irrespective of the current impact of COVID-19. We witnessed strong results in the first nine months of trading and were destined for an even stronger full year were it not for the sudden impact we experienced due to lockdown. In particular our annuity/subscription-based business proved resilient and helped us to effectively weather challenges in the last three months. We, however, experienced visible challenges in the non-subscription part of our business, namely Tidy Files and all projects-based assignments, such as image processing, that required the physical participation of our workforce.

As we look to the 2021 financial year, the pace of change, and the accompanying challenges, look set to increase even further. Our business model to date has proved resilient and this will be further strengthened by our recent acceleration of our digital offerings that will also be based on a subscription model. Furthermore, the extensive cost reduction exercise we have concluded will ensure that profitability is protected despite the expected economic challenges.

Trust from our stakeholders remains paramount to our success and we will achieve that by always delivering on our existing commitments and by evolving our offer to lead the industry through the changes and challenges ahead.

We have considered, and will continue to monitor closely, the potential impact of the pandemic on our business and the macro-economic outlook. We believe that the sensitivity analysis conducted to support our expectation of the impact of risks, and assessment of viability, to be sufficiently robust given what we know today. We have had a good start to the new financial year following the cost reduction measures, and despite the current economic challenges, we expect 1QFY21 to return to historical levels of profitability.

This short form announcement is extracted from audited results but itself is not audited.

Metrofile will host a webcast and conference call on the financial results at 10:30 on Tuesday, 15 September 2020.

Registration for the webcast: https://themediaframe.com/links/200915.html.

Registration for the conference call: www.diamondpass.net/8442469.

The presentation will also be available on the Group's website (www.metrofilegroup.com). This short-form announcement is the responsibility of the directors and is only a summary of the information in the full audited announcement and does not contain full or complete details. The full audited announcement is published on:

The JSE website at https://senspdf.jse.co.za/documents/2020/jse/isse/mfl/MFLFY20.pdf

The Company's website at https://www.metrofilegroup.com/investor-relations/

Any investment decisions by investors and/or shareholders should be based on consideration of the full audited announcement. Electronic copies may be requested from Paige Atkins: paige@rspconsulting.co.za.

14 September 2020

DIRECTORS

CS Seabrooke (Chairman)^*, MS Bomela (Deputy Chairman)*, PG Serima (CEO), S Mansingh (CFO), MZ Abdulla*, P Langeni†*, LE Mthimunye^*, GD Wackrill*, SV Zilwa^*, L Rood (Alternate)^*

^Independent *Non-Executive †Lead Independent

COMPANY SECRETARY

P Atkins

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SPONSOR:
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