ANNUAL FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2019

Metrofile Group

SALIENT FEATURES

REVENUE UP TO	EBITDA MAINTAINED AT	EPS DOWN TO	HEPS DOWN TO	NHEPS DOWN TO	DPS DOWN TO	NET DEBT IMPROVED TO
R913M	R271M	1.8C	20.5C	27.2C	10C	R588M
▲ 5%		▼ 94%	▼ 29%	▼ 14%	▼ 52%	▲ 4%

RESULTS OVERVIEW

- Revenue from continuing operations increased by 5% to R913 million as a result of net box volume growth of 5% and the inclusion of prior year acquisitions for the full 12 months. Closing box volumes for the Group at year-end was 11.1 million (FY18: 10.6 million).
- EBITDA from continuing operations was maintained at R271 million. A significant improvement of 16% was achieved in 2HFY19 compared to 1HFY19 due to improved cost control and trading performance.
- Group HEPS decreased 29% to 20.5 cents mainly as a result of once-off restructuring costs as well as a higher effective tax rate.
- Group NHEPS was down 14% to 27.2 cents mainly due to increased net finance costs following acquisitions concluded in FY2018.
- Free cash flow increased 38% to R119 million resulting in a 4% reduction in net debt to R588 million. The improved cash position was as a result of improved working capital management.
- Group debt was successfully restructured and refinanced, resulting in a new efficient debt structure that is expected to improve the Group's effective cost of debt.
- Following the strategic review undertaken late in the financial year, CSX was sold effective 30 June 2019 for R14 million and resulted in a loss on disposal of R3 million and impairment of goodwill of R30 million.
- The Group is in the process of exiting other operations ie Dexterity, Metrofile Nigeria and Lexie Legal Services. The digital strategy remains unaffected.
- Impairments included goodwill of R18 million relating to the Middle East, R8 million of investments in Lexie Legal Services and Al Bidda Metrofile, and R29 million of plant and equipment.

REVENUE

Secure storage contributed 62% to group revenue and was up 9% year-on-year mainly as a result of increased box volumes, as well as the inclusion of the prior year acquisitions for the full 12 months. Closing box volumes for the Group at year-end was 11.1 million (FY18: 10.6 million) as net box volume growth of 5% was achieved. Geographical performance in terms of box volume growth resulted in net box volume growth in South Africa of 4%, Rest of Africa of 7% and the Middle East of 16%.

Digital services contributed 15% to group revenue and was down 1% year-on-year mainly as a result of a reduction in image processing of 5% year-on-year. This was a consequence of delays experienced due to the elections and the postponement of projects by Government departments that impacted Metrofile's customers and also affected the performance of the Group. These projects are, however, expected to be executed and operationalised in the new financial year and form part of the improved pipeline and additional focus on and strategy in this line of business within the Group.

Products and solutions and business support services contributed 17% and 6% respectively to group revenue. These revenue streams decreased 4% and 1% respectively following similar delays to those experienced in digital services, in projects and spending by customers, as well as the overall impact of the challenging economic conditions.

CASH AND DEBT

Net finance costs increased by 50% to R69 million (FY18: R46 million) following increased levels of debt as a result of prior year acquisitions. Net debt, however, reduced by 4% to R588 million (FY18: R615 million) following improved cash-generation and free cash flow ("FCF"). FCF improved 38% to R119 million (FY18: R86 million) mainly as a result of improvement in working capital management. The second half of the financial year also recorded a significant reduction in net debt as a 7% reduction from R636 million at 31 December 2018 was achieved. During June 2019, Group debt was refinanced and restructured; and in line with Metrofile's intensified focus on improving cash management, the new efficient debt structure will result in an improvement in the Group's effective cost of debt. Net debt to EBITDA also improved by 4% to 2.17x (FY18: 2.26x).

SUMMARISED FINANCIALS (R'000)

	12 months ended 30 June 2019	12 months ended 30 June 2018
Revenue*	913 415	873 531
EBITDA*	271 173	271 689
Operating profit*	223 734	230 463
EPS (cents)	1.8	30.6
HEPS (cents)	20.5	28.9
NHEPS (cents)	27.2	31.8
DPS (cents)	10.0	21.0
Net debt#	588 136	614 809

*From continuing operations.

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

DIVIDEND

Notice is given that the Board has elected to declare a final scrip distribution of Metrofile ordinary shares (the "Scrip Distribution") to Shareholders in respect of the year ended 30 June 2019 to the holders of ordinary shares recorded in the books of the Company on Friday, 11 October 2019. Shareholders will, however, be entitled to elect to receive a gross cash dividend of 5 cents per share held in respect of all or part of their ordinary shareholding, instead of the Scrip Distribution (the "Cash Dividend"), payable out of the Company's distributable retained profits. The finalisation of information, including the ratio applicable to the Scrip Distribution is expected to be released on SENS on Tuesday, 1 October 2019. A further announcement setting out the full terms and salient dates of the Scrip Distribution and Cash Dividend alternative will be published separately in due course.

DIGITAL SERVICES

While the physical management of records and information remains core, the provision of digital services is proving to be equally important as businesses continue to leverage breakthrough technologies like AI and Internet of Things (IOT) to transform customer experience, improve productivity and gain competitive advantage. Digital services currently accounts for approximately 15% of the Group's revenue and we expect to see growth in the future as more customers adopt technology in running their processes.

We will continue to engage our customers and work closely with our innovation partners to offer valuable solutions. Our continued investment in this area will continuously see us bringing to the market standardised solutions across multiple industries.

OUTLOOK

The positive effects of the strategic review and restructuring were evident especially in the second half of the year and are expected to continue to impact the performance of the Group in the new financial year. While challenging trading conditions are expected to persist, the Group remains optimistic as net box volume growth is anticipated throughout the various regions. Growth is further expected from our digital offerings driven primarily by existing and new solutions we will bring to the market.

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

5 September 2019

Metrofile will host a results presentation, audio webcast and conference call on the financial results at 10:30 on Tuesday, 10 September 2019.

Registration for the webcast and conference call: webcast: https://themediaframe.net/metrofile190910. Conference call: www.diamondpass.net/6028103. 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 company's website: www.metrofilegroup.com and is also accessible via the JSE link:

https://senspdf.jse.co.za/documents/2019/jse/isse/mfl/MFLFY19.pdf

Any investment decisions by investors and/or shareholders should be based on consideration of the full audited announcement.

The full audited announcement is also available at our registered offices for inspection, at no charge, during office hours. Electronic copies of the full audited announcement may be requested by contacting Paige Atkins: paige@rspconsulting.co.za.

Metrofile Group

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")

Sponsor: The Standard Bank of South Africa Limited

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