Metrofile Group

Results for the six months ended 31 December 2020

Pfungwa Serima / Shivan Mansingh

10 March 2021

Agenda

Welcome and introduction	Pfungwa Serima
Update on FY21 key strategic themes	Pfungwa Serima
Financial and operational results	Shivan Mansingh
Outlook	Pfungwa Serima

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Update on FY21 key strategic themes

Physical storage

Rationalise operations

Drive digital offering

Internal IT solutions

Financial metrics

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Financial and operating results

Salient features – 1HFY2021

Revenue	EBITDA	Net debt	Net finance costs
▼ 4%	▲ 3%	▼ 10%	▼ 25%
R455m	**R155m**	**R472m**	**R26m**

EPS	HEPS	DPS
▲ 22%	▲ 15%	▲ 17%
14.8c	**14.8c**	**7c**

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Income statement

For the 6 months ended 31 December 2020

	Dec 2020 R'000	Dec 2019 R'000	% change
Continuing operations			
Revenue	**454 948**	**472 772**	**(4%)**
EBITDA	**155 074**	**150 855**	**3%**
Operating profit	**114 179**	**107 942**	**6%**
Net finance costs	(25 998)	(34 580)	25%
Profit before tax	**88 181**	**69 338**	**27%**
Tax	(22 881)	(19 677)	16%
Profit after tax	**65 300**	**49 661**	**31%**
EBITDA %	**34%**	**32%**	**2%**
Operating profit %	**25%**	**23%**	**2%**
HEPS (cents)	**14.8**	**12.9**	**15%**
EPS (cents)	**14.8**	**12.1**	**22%**
DPS (cents)	**7.0**	**6.0**	**17%**

Key features

- Revenue decreased by 4% to R455 million due to the continued impact of the lockdown measures in the digital services
- EBITDA and operating profit increased by 3% and 6% respectively as a result of cost reduction measures being effected during the period
- Net finance costs decreased by 25% to R26 million. Excluding the impact of IFRS 16, net finance costs improved by 37% as a result of lower debt levels
- HEPS up 15% to 14.8c and DPS up 17% to 7c

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Statement of financial position

As at 31 December 2020

Assets	Dec 2020 R'000	Jun 2020 R'000
Property, plant and equipment	584 138	598 162
Goodwill	314 726	316 661
Intangible assets	47 203	50 498
Right-of-use asset	112 770	126 185
Deferred tax	12 807	12 177
Cash and cash equivalents	52 979	37 187
Other assets (inventories, trade receivables, vendor consideration)	215 745	237 367
Total assets	**1 340 368**	**1 378 237**

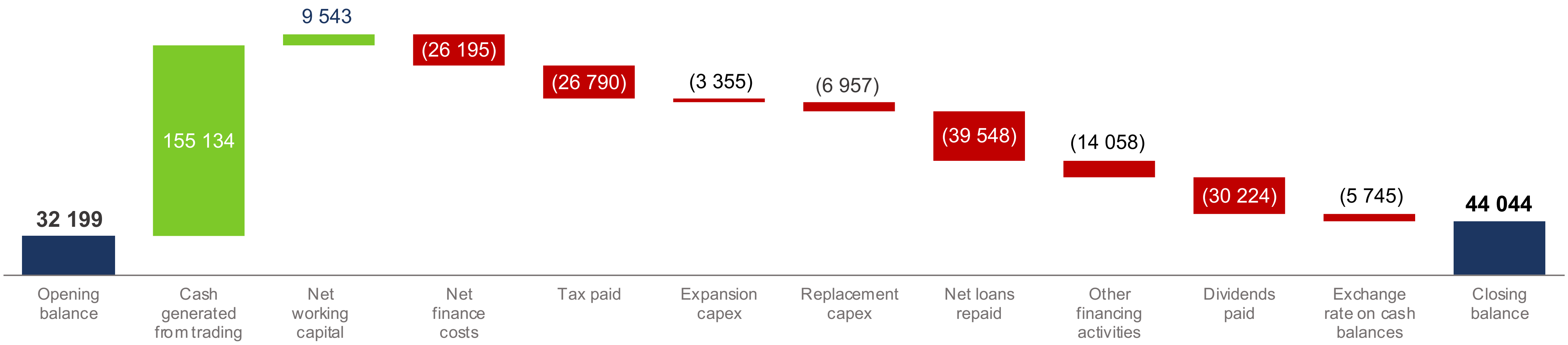
Liabilities	Dec 2020 R'000	Jun 2020 R'000
Total equity	525 498	507 882
Interest bearing borrowings	519 706	559 306
Bank overdraft	8 975	4 988
Trade and other payables	82 030	100 078
Lease liabilities	122 590	133 210
Deferred tax and other liabilities	81 569	72 773
Total equity and liabilities	**1 340 368**	**1 378 237**

Key features

- Net debt reduced by 10% to R472 million for the six-month period since 30 June 2020 following improved cash generation. Net debt reduced R100m or 17% for the 12 months since 31 December 2019
- Significant capex reduction as capital allocation has become a key priority as well as reduction in trade receivables
- Majority of overdraft facility not utilised as at 31 December 2020 due to improved cash generation
- Net debt:EBITDA (pre-IFRS 16) improved to 1.80x (30 June 2020: 2.02x). Target of 1.75x remains, anticipated to be achieved in the short term

Cash flow

For the 6 months ended 31 December 2020



- Improvement in operating cash conversion ratio to 106% (FY20: 94%) as a result of improved working capital management
- Significant capex reduction to R10 million, expected to increase in H2 due to capital commitments with full year capex of R44 million. Careful consideration of capital allocation for further expansion where required
- Net debt reduced 10% to R472 million

Operating cash conversion ratio – (cash generated from trading plus net working capital) divided by EBITDA

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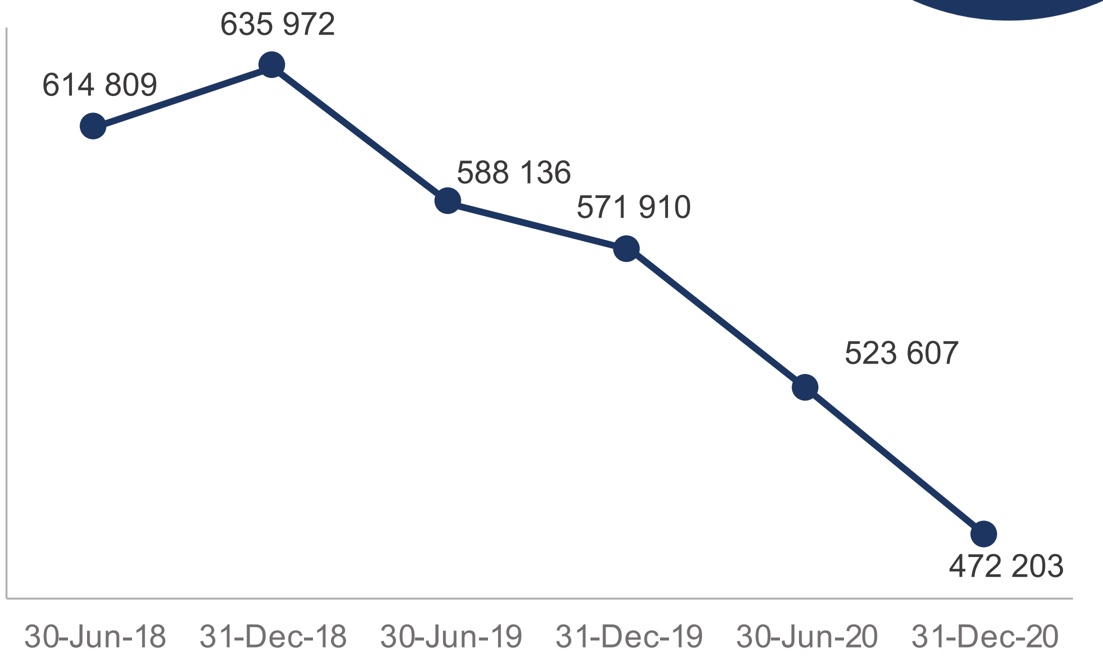
Sound capital management

Significant reduction in net debt and finance costs

Remaining well within covenants

Improved liquidity and solvency headroom

Net debt* trend (R '000)



** Net debt excludes IFRS 16 lease liabilities*

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Debt utilisation and pricing

	Total facilities	Unutilised as at 31 December 2020	Capital outstanding as at 31 December 2020	Variable interest rate	Fixed interest rate
RCF loan facility - variable	200 000 000	20 000 000	180 000 000	3 month JIBAR plus margin premium	-
Bullet loan facility - fixed	200 000 000	-	200 000 000	-	4.65% plus margin premium
Amortisation facility - fixed	105 000 000	-	105 000 000	-	4.16% plus margin premium
Amortisation facility - variable	36 359 078	-	36 359 078	3 month JIBAR plus margin premium	-
Working capital facility	108 000 000	99 025 000	8 975 000	Prime interest rate minus 1%	-
Total facilities	**649 359 078**	**119 025 000**	**530 334 078**		

Interest rate scale - margin premium

Gross debt/EBITDA	Bullet/RCF loan (3 month JIBAR plus) %	Amortisation loan (3 month JIBAR plus) %
Greater than 2.5 times	2,95	2,65
Greater than 2.00 times, less than 2.5 times	2,75	2,45
Less than 2.00 times	**2,55**	**2,25**

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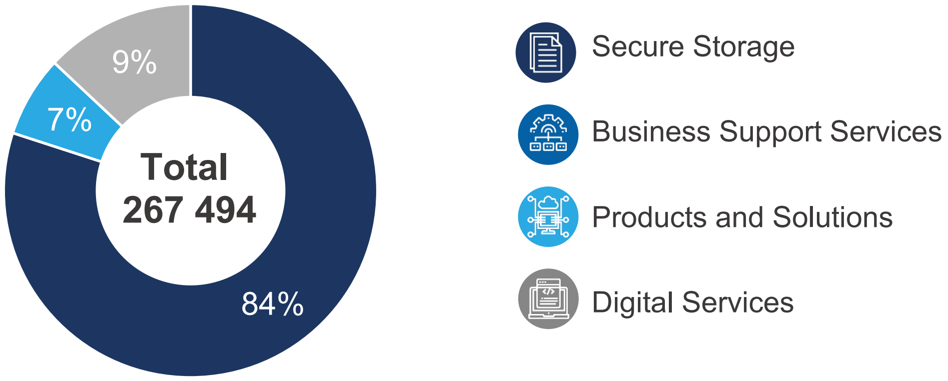
Divisional analysis: MRM South Africa

R'000	Dec 2020	Dec 2019	Variance %
Revenue	267 494	283 138	(6%)
Operating profit	98 983	98 978	0%
EBITDA	123 293	121 091	2%
Operating profit margin	37%	35%	2%
EBITDA Margin	46%	43%	3%

Revenue drivers (R'000)



- Revenue from MRM South Africa decreased by 6% to R267 million (1H2020: R283 million) as a result of the slow ramp up performance following the Alert level 3 restrictions imposed for most of the period under review
- Operating profit remained flat at R99 million (1H2020: R99 million) following tight controls over costs. New box volume intake is expected to continue to increase with minimum capital requirements following the improved efficiencies in our warehouses
- The operationalisation of digital services pipeline will be a key focus area in the second half of the year

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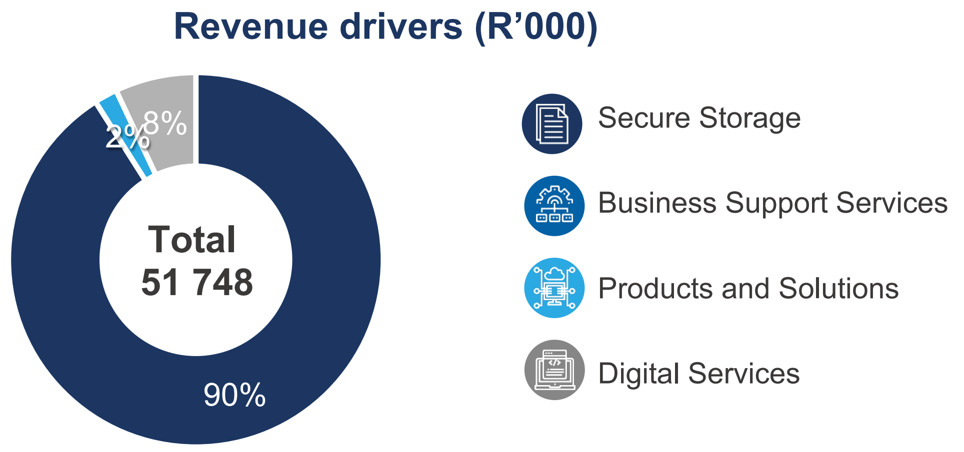
Divisional analysis: MRM Rest of Africa

R'000	Dec 2020	Dec 2019	Variance %
Revenue	51 748	53 517	(3%)
Operating profit	15 219	18 401	(17%)
EBITDA	23 653	25 196	(6%)
Operating profit margin	29%	34%	(5%)
EBITDA margin	46%	47%	(1%)



- Operations in Botswana, Kenya and Mozambique. Zambia and Nigeria were included in prior six-month period
- The overall trading environment was tough, as revenue decreased by 3% to R52 million (1H2020: R54 million) despite an improvement in net box volume growth of 3%
- Operating profit was similarly impacted by pressure in the economy and resulted in a decrease of 17% to R15 million (1H2020: R18 million). Net box volume growth is expected to continue going forward, particularly in the greater East African region

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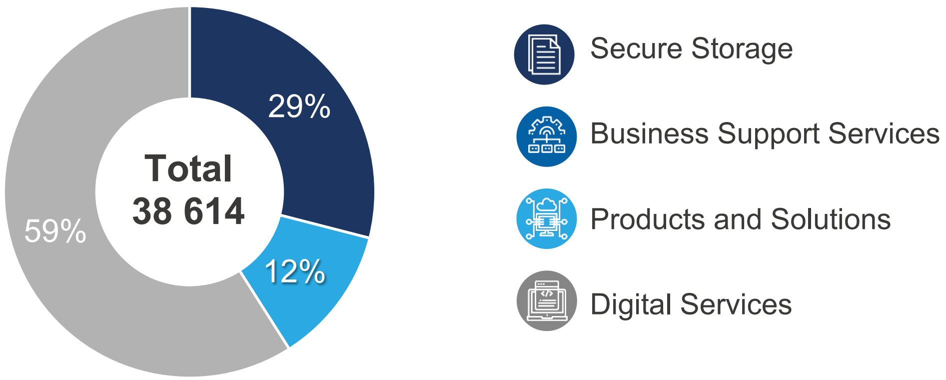
Divisional analysis: MRM Middle East

R'000	Dec 2020	Dec 2019	Variance %
Revenue	38 614	23 465	65%
Operating profit	5 391	(1 488)	>100%
EBITDA	6 232	328	>100%
Operating profit margin	14%	(6%)	20%
EBITDA margin	16%	1%	15%

Revenue drivers (R'000)

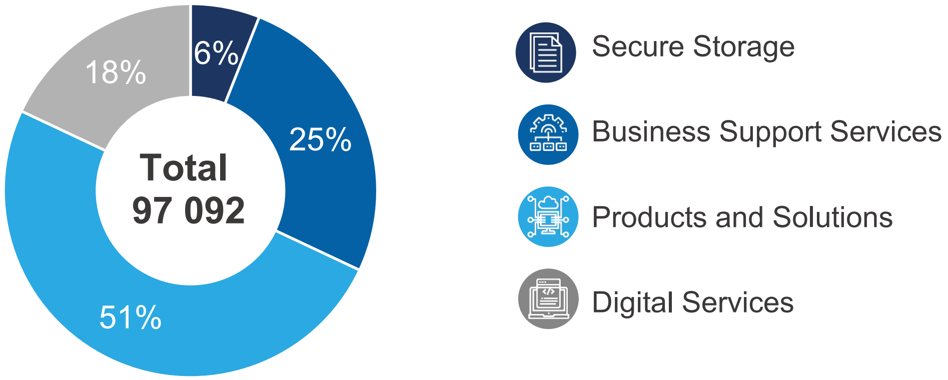


- Operations in United Arab Emirates and Oman. Prior year included Egypt for 4 months
- Trading conditions have been positive in the Middle East as revenue improved by 65% to R39 million (1H2020: R23 million) following the improved pipeline, operationalisation of key projects and improved box volumes
- The region has returned to profitability and we expect future growth going forward

Divisional analysis: Products and Services

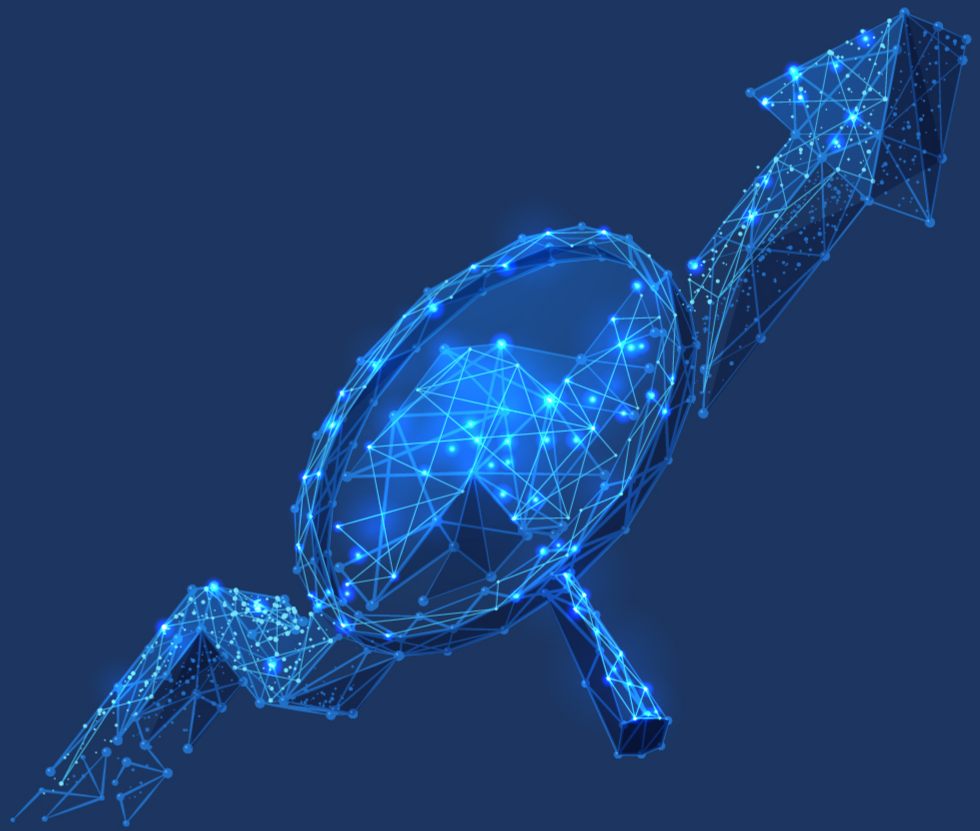
R'000	Dec 2020	Dec 2019	Variance %
Revenue	97 092	112 653	(14%)
Operating profit	7 968	7 430	7%
EBITDA	16 106	16 095	0%
Operating profit margin	8%	7%	1%
EBITDA margin	17%	14%	3%

Revenue drivers (R'000)



- Products and Services consists of Tidy Files, Cleardata and Global Continuity
- Trading conditions in South Africa were challenging during Covid-19 lockdown and as a result revenue decreased by 14% to R97 million (1H2020: R113 million)
- Operating profit increased by 7% to R8 million (1H2020: R7 million) as a result of the improved operational performance as restrictions were eased
- Through the existing pipeline, performance is expected to continue to improve in the second half of the financial year

Outlook



Outlook

Good start to the financial year showing resilient performance at the back of an improved operating model

Focus for the second half of the financial year will be on the operationalization of key projects secured

Expedient delivery of subscription based current digital projects

Following the restructuring and right sizing of the organization, we will continue to focus on building a healthy pipeline on annuity storage revenue. In addition, a key driver for future growth will be securing and delivering on subscription-based revenue through our digital projects

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THANK YOU

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