METROFILE HOLDINGS LIMITED

AUDITED PRELIMINARY SUMMARISED GROUP RESULTS FOR THE YEAR ENDED 30 JUNE 2019

SALIENT FEATURES

REVENUE UP TO
R913M
▲ 5%

EBITDA MAINTAINED
▶ **R271M**

HEPS DOWN TO
20.5C
▼ 29%

NHEPS DOWN TO
27.2C
▼ 14%

FREE CASH FLOW UP TO
R119M
▲ 38%

DPS DOWN TO
10C
▼ 52%

NET DEBT IMPROVED TO
R588M
▲ 4%

SUMMARISED CONSOLIDATED INCOME STATEMENT

R'000	Notes	Audited 12 months ended 30 June 2019	Restated audited 12 months ended 30 June 2018
Continuing operations			
Revenue		913 415	873 531
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		271 173	271 689
Depreciation and amortisation		(47 439)	(41 226)*
Operating profit		223 734	230 463
Acquisition-related costs		–	(15 495)
Restructuring and retrenchment costs		(17 480)	–
Impairment of goodwill		(18 332)	–
Impairment of investment in joint venture and associate		(8 362)	–
Impairment of plant and equipment		(29 099)	–
Profit on sale of subsidiary		–	7 593
Profit before finance costs		150 460	222 560
Net finance costs		(69 375)	(46 241)
Finance income		1 798	1 502
Finance costs		(71 173)	(47 743)
Profit before taxation		81 085	176 319
Taxation		(55 342)	(50 185)*
Profit for the year from continuing operations		25 743	126 134
Discontinued operations:			
Loss for the year from discontinued operations	4	(30 301)	(2 280)
(Loss)/Profit for the year		(4 558)	123 854
Attributable to:			
Owners of the parent		7 559	127 613
– Continuing operations		37 860	129 893
– Discontinued operations	4	(30 301)	(2 280)
Non-controlling interests		(12 117)	(3 759)
(Loss)/Profit for the year		(4 558)	123 854
Profit attributable to owners of the parent			
– Basic earnings per share (cents) – from continuing operations		9.1	31.2
– Diluted earnings per share (cents) – from continuing operations		8.9	31.1

** The purchase price allocation with regards to the acquisition of Metrofile Records Management (Kenya) for the identifiable assets acquired and the liabilities was provisional as at 30 June 2018 in terms of IFRS 3: Business Combinations. In the current year, the assessment of the fair values allocated to the individual components and purchase price allocation was finalised, resulting in a revised allocation of amortisation of intangible assets. Thus depreciation and amortisation and taxation has been restated.*

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Audited 12 months ended 30 June 2019	Audited 12 months ended 30 June 2018
(Loss)/Profit for the year	(4 558)	123 854
Other comprehensive (loss)/income for the year net of tax	(3 370)	6 435
Foreign currency translation movements	(3 370)	6 435
Total comprehensive (loss)/income for the year	(7 928)	130 289
Attributable to:		
Owners of the parent	3 171	133 031
Non-controlling interests	(11 099)	(2 742)

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Notes	Audited 12 months ended 30 June 2019	Restated audited 12months ended 30 June 2018
ASSETS			
Non-current assets		**1 085 923**	**1 155 118**
Property, plant and equipment		581 113	589 818
Goodwill		438 702	484 437*
Intangible assets		57 480	59 636*
Investment		–	9 353
Long-term receivable		–	2 419
Long-term vendor consideration	4	3 500	–
Deferred tax asset		5 128	9 455
Current assets		**289 595**	**300 939**
Inventories		17 494	34 747
Trade receivables		191 257	184 726
Vendor consideration	4	10 532	–
Other receivables		35 329	29 135
Cash and cash equivalents		34 983	52 331
Total assets		**1 375 518**	**1 456 057**
EQUITY AND LIABILITIES			
Equity and reserves		**561 830**	**621 853**
Equity attributable to owners of the parent		564 987	608 683*
Non-controlling interests		(3 157)	13 170
Non-current liabilities		**603 898**	**640 877**
Interest-bearing liabilities		560 053	597 119
Deferred taxation liability		43 845	43 759*
Current liabilities		**209 790**	**193 327**
Trade and other payables		109 750	101 765
Deferred revenue		11 103	13 661
Bank overdraft		36 717	3 288
Provisions		9 233	4 093
Taxation		2 606	3 786
Interest-bearing liabilities		40 381	66 734
Total equity and liabilities		**1 375 518**	**1 456 057**

** The purchase price allocation with regards to the acquisition of Metrofile Records Management (Kenya) for the identifiable assets acquired and the liabilities was provisional as at 30 June 2018 in terms of IFRS 3: Business Combinations. In the current year, the assessment of the fair values allocated to the individual components and purchase price allocation was finalised, resulting in a revised allocation to the fair values of intangible assets, deferred tax liabilities, goodwill and accumulated profit.*

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Share capital and premium	Accumulated profits/(losses)	Other reserves	Total equity before minority apportionment	Non–controlling	Total
Balance at 30 June 2017 (audited)	**562 486**	**49 566**	**11 955**	**624 007**	**23 636**	**647 643**
Purchase of treasury shares	(19 937)	–	–	(19 937)	–	(19 937)
IFRS 2 Equity reserve relating to share schemes		–	5 076	5 076	–	5 076
Share scheme settlement		–	(6 498)	(6 498)	–	(6 498)
Minority contribution on acquisition of subsidiary		(1 016)	–	(1 016)	(7 724)	(8 740)
Dividends declared		(125 979)	–	(125 979)	–	(125 979)
Total comprehensive income for the year restated		127 613	5 417	133 030	(2 742)	130 288
Balance at 30 June 2018 (audited)	**542 549**	**50 184**	**15 950**	**608 684**	**13 170**	**621 854**
IFRS 2 Equity reserve relating to share schemes	–	–	(8 784)	(8 784)	–	(8 784)
Minority contribution on acquisition of subsidiary	–	5 976	–	5 976	(5 228)	748
Dividends declared	–	(44 059)	–	(44 059)	–	(44 059)
Scrip dividend declared	12 510	(12 510)	–	–	–	–
Total comprehensive income for the year	–	7 559	(4 388)	3 171	(11 099)	(7 928)
Balance at 30 June 2019 (audited)	**555 059**	**7 150**	**2 778**	**564 987**	**(3 157)**	**561 830**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Audited 12 months ended 30 June 2019	Restated audited 12 months ended 30 June 2018
Cash generated from operations before net working capital changes	**250 614**	255 577
Decrease/(increase) in net working capital	**2 910**	(24 594)
Cash generated from operations	**253 524**	230 983
Net finance costs paid	**(65 428)**	(46 241)
Normal taxation paid	**(57 332)**	(51 361)
Net cash inflow from operating activities	**130 764**	133 381
Net cash outflow from investing activities	**(76 480)**	(394 097)
Capital expenditure: expansion	**(49 540)**	(64 523)
Capital expenditure: replacement	**(21 825)**	(15 818)
Proceeds on disposal of property, plant and equipment	**–**	13 623
Effects of foreign currency differences on fixed assets	**–**	(2 598)
Acquisition of investment in unlisted associate and joint venture	**–**	(1 500)
Acquisition of subsidiaries	**(3 673)**	(335 516)
Proceeds on disposal of subsidiary	**(1 442)**	12 235
Net cash (outflow)/inflow from financing activities	**(107 091)**	285 167
Purchase of treasury shares	**–**	(19 937)
Dividends paid	**(43 769)**	(125 682)
Repayment of long-term liabilities	**(63 322)**	(14 147)
Long-term liabilities raised	**–**	444 932
Net (decrease)/increase in cash and cash equivalents	**(52 807)**	24 450
Cash and cash equivalents at the beginning of the year	**49 043**	24 593
Effect of exchange rate movement on cash balances	**2 030**	–
(Net overdraft)/cash and cash equivalents at the end of the year	**(1 734)**	49 043
Represented by		
Cash and cash equivalents	**34 983**	52 331
Bank overdrafts	**(36 717)**	(3 288)

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The directors take full responsibility for the preparation of these audited preliminary summarised Group results. The Group results and the full set of consolidated financial statements have been prepared under the supervision of Mr S Mansingh, CA(SA). The summarised financial information has been prepared in accordance with the framework concepts, measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as a minimum contain the information as required by IAS 34: Interim Financial Reporting, the JSE Listings Requirements and the requirements of the Companies Act of South Africa.

This preliminary report has been prepared using accounting policies and methods of computation that comply with IFRS and are consistent with those applied in the consolidated financial statements for the year ended 30 June 2018 except for changes as a result of adoption of new standards. Certain accounting pronouncements became effective during the current financial year; however, these do not have any significant impact on either transactions or disclosures.

2. AUDIT OPINION

The independent auditors, Deloitte & Touche, have issued their unmodified audit opinion, on the consolidated financial statements for the year ended 30 June 2019, in accordance with International Standards on Auditing. These summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects, with the consolidated financial statements. A copy of the unmodified audit report on the summarised consolidated financial statements, the audited consolidated financial statements and the unmodified audit report thereon are available for inspection at the Company's registered office.

The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a full copy of the auditor's report, together with the accompanying consolidated financial information from the issuer's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors.

3. SUMMARISED SEGMENTAL INFORMATION

Segmental disclosure has been revised during the 2019 financial year and now consists of Metrofile Records Management ("MRM") South Africa, MRM Rest of Africa, MRM Middle East, Products and Services South Africa and Central and Eliminations. Comparative information has been restated. The segmental information is based on information provided to the chief operation decision makers and operating profit is the key measure of segmental performance.

R'000	Revenue*		EBITDA*	
	Audited 12 months ended 30 June 2019	Restated audited 12 months ended 30 June 2018	Audited 12 months ended 30 June 2019	Restated audited 12 months ended 30 June 2018
MRM South Africa	**555 885**	550 024	**233 652**	246 507
MRM Rest of Africa	**104 612**	68 740	**39 249**	22 115
MRM Middle East	**41 869**	40 824	**(5 602)**	(5 988)
Products and Services South Africa	**211 049**	213 942	**29 707**	33 415
Central and Eliminations	**–**	–	**(25 833)**	(24 360)
Total	**913 415**	**873 530**	**271 173**	**271 689**
South African operations	**766 934**	763 966	**237 526**	255 562
Non–South African operations	**146 481**	109 564	**33 647**	16 127

R'000	Operating profit*		Tangible assets*	
	Audited 12 months ended 30 June 2019	Restated audited 12 months ended 30 June 2018	Audited 12 months ended 30 June 2019	Restated audited 12 months ended 30 June 2018
MRM South Africa	**204 165**	222 187	**669 190**	635 819
MRM Rest of Africa	**34 539**	18 976	**81 136**	70 629
MRM Middle East	**(8 286)**	(8 827)	**37 290**	49 161
Products and Services South Africa	**19 338**	22 677	**87 532**	130 248
Central and Eliminations	**(26 022)**	(24 549)	**(941)**	7 320
Total	**223 734**	**230 464**	**874 207**	**893 177**
South African operations	**197 481**	220 315	**755 781**	773 387
Non–South African operations	**26 253**	10 149	**118 426**	119 790

** Tangible assets comprises of property, plant and equipment, intangible assets, inventories, trade and other receivables, loan receivables and cash and cash equivalents.*

R'000	Revenue streams*	
	Audited 12 months ended 30 June 2019	Restated audited 12 months ended 30 June 2018
Secure storage	**566 684**	518 179
Digital services	**135 351**	137 034
Products and solutions	**157 527**	163 653
Business support services	**53 853**	54 665
Total	**913 415**	**873 531**

** From continuing operations*

4. DISCONTINUED OPERATIONS

Metrofile disposed of the shares in CSX Customer Services (Pty) Ltd ("CSX") for a total purchase consideration of R14 million. As the effective date of disposal was 30 June 2019, the recognition criteria to be classified as a discontinued operation at 30 June 2019 were met. The first cash payment of R0.5m was due and received on 1 July 2019 and the second cash payment of R10 million is due on 30 September 2019. The third payment of R3.5 million is due on 30 June 2021. These payments are interest–bearing, compounded monthly in arrears at a rate of prime from the effective date of sale. Discontinued operations exclude the operations that Metrofile intends to exit as identified in the strategic review.

Financial information relating to the discontinued operations for the year is set out below. The comparative profit and cash flows from discontinued operations have been restated to include those operations classified as discontinued in the current year.

INCOME STATEMENT

R'000	Audited 12 months ended 30 June 2019	Audited 12 months ended 30 June 2018
Revenue	93 246	79 457
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	5 393	(1 514)
Depreciation and amortisation	(1 182)	(1 280)
Operating profit/(loss)	4 211	(2 794)
Disposal of goodwill	(30 076)	–
Loss on disposal of business	(3 210)	–
Loss before finance costs	(29 075)	(2 794)
Net finance costs	–	–
Loss before taxation	(29 075)	(2 794)
Taxation	1 226	(514)
Loss for the year from discontinued operations	(30 301)	(2 280)

STATEMENT OF CASH FLOWS

Cash flows attributable to operating activities	6 448	234
Cash flows attributable to investing activities	(191)	(1 024)
Cash flows attributable to financing activities	(5 605)	966
Cash flow for the period from discontinued operations	652	176

STATEMENT OF FINANCIAL POSITION

R'000	Audited 12 months ended 30 June 2019
Plant and equipment	4 311
Deferred tax asset	2 050
Inventories	18 676
Trade receivables	9 065
Other receivables	717
Cash and cash equivalents	1 442
Deferred taxation liability	(115)
Trade and other payables	(9 775)
Deferred revenue	(6 505)
Provisions	(2 623)
Net assets disposed	17 242
Vendor purchase consideration	14 032
Loss on disposal	(3 210)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. RECONCILIATION OF HEADLINE EARNINGS AND NORMALISED HEADLINE EARNINGS

RECONCILIATION OF HEADLINE EARNINGS

R'000	Audited 12 months ended 30 June 2019	Audited 12 months ended 30 June 2018
Profit attributable to owners of the parent	**7 559**	127 613
Loss/ (profit) on disposal of subsidiary	**3 210**	(7 592)
Disposal of goodwill in relation to the disposal of subsidiary	**30 076**	–
Loss on disposal of plant and equipment	**–**	48
Impairment of goodwill	**18 332**	–
Impairment of investment in joint venture and associate	**8 362**	–
Impairment of plant and equipment	**29 099**	–
Tax effect of above items	**(5 213)**	194
Non–controlling interest effect on the above items	**(5 881)**	–
Headline earnings	**85 545**	120 069
– Continuing operations	**82 560**	122 349
– Discontinued operations	**2 985**	(2 280)
Headline earning per ordinary share (cents)	**20.5**	28.9
– Continuing operations	**19.8**	29.4
– Discontinued operations	**0.7**	(0.5)

RECONCILIATION OF NORMALISED HEADLINE EARNINGS

R'000	Audited 12 months ended 30 June 2019	Audited 12 months ended 30 June 2018
Headline earnings attributable to ordinary shareholders	85 545	120 069
Extraordinary items:		
Acquisition related costs	–	15 495
Restructuring and retrenchment costs	17 480	–
Debt restructuring costs	3 460	–
Tax effect on the above items	(2 721)	(3 471)
Tax effect on non–deductible interest expense	14 001	–
Non–controlling interest effect on the above items	(4 264)	–
Normalised headline earnings attributable to ordinary shareholders	113 500	132 093
– Continuing operations	110 515	134 373
– Discontinued operations	2 985	(2 280)
Weighted average number of shares in issue ('000)	417 764	416 164
Diluted weighted average number of shares in issue ('000)	424 087	417 233
Attributable earnings/(losses) per share (cents)		
Aggregate		
– Basic	1.8	30.6
– Diluted	1.8	30.6
Continuing operations		
– Basic	9.1	31.2
– Diluted	8.9	31.1
Discontinued operations		
– Basic	(7.3)	(0.5)
– Diluted	(7.1)	(0.5)
Headline earnings per share (cents)		
Aggregate		
– Basic	20.5	28.9
– Diluted	20.2	28.7
Continuing operations		
– Basic	19.8	29.4
– Diluted	19.5	29.3
Discontinued operations		
– Basic	0.7	(0.5)
– Diluted	0.7	(0.5)
Normalised Headline earnings per share (cents)		
Aggregate		
– Basic	27.2	31.8
– Diluted	26.8	31.6
Continuing operations		
– Basic	26.5	32.3
– Diluted	26.1	32.2
Discontinued operations		
– Basic	0.7	(0.5)
– Diluted	0.7	(0.5)
Dividend per share (cents)	10.0	21.0
– Interim dividend per share paid (cents)	5.0	13.0
– Final dividend per share proposed/paid (cents)	5.0	8.0

6. FAIR VALUE ESTIMATE

The carrying value of financial instruments estimate their fair value.

7. COMMITMENTS

Metrofile owns or leases premises based on the prevailing economic realities in each country in which we operate. Operating lease commitments amount to R98.1 million for the next five years. Capital investment plans for the next 12 months amounts to R93 million of which R58.7 million relates to expansion.

8. SUBSEQUENT EVENTS

No material events occurred between the year-end and the date of this report.

COMMENTARY ON THE RESULTS

THE GROUP IN CONTEXT

Metrofile Group is a leading global records and information management specialist, providing clients with end–to–end solutions for the complete data management lifecycle, while ensuring they extract maximum value from their information assets. The business was formed in 1983 and 36 years later, its operations service clients of all sizes and sectors across South Africa, Kenya, Zambia, Botswana, Mozambique and the Middle East. Group companies operate from 67 facilities, at 37 locations, covering 114 226 square metres of warehousing space.

Metrofile's traditional and digital services and products enable businesses to manage their greatest risk, the security of information. It has an acclaimed track record in organising, backing up, managing and protecting large volumes of active and inactive documents, images and data, in physical or electronic format. The Group offers the infrastructure, technology and services to securely manage each phase of the document's lifecycle until its ultimate destruction and recycling.

While the physical management of records and information remains core and continues to grow in volume and revenue, the provision of digital services is expanding and is integral to the strategy. Our solutions-based end–to–end service offering covers both aspects as we work with clients on the digital transformation of records across the full paper–to–digitalisation spectrum.

Empowerment partner and strategic shareholder, Mineworkers Investment Company, owns 36.43% of Metrofile's equity.

RESULTS OVERVIEW

Results overview for the financial year:

- 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 (FY2018 10.6 million).
- EBITDA from continuing operations was maintained at R271 million. A significant improvement of 16% was achieved in 2HFY19 compared to 1HFY19. This was due to improved cost control and trading performance.
- Group HEPS decreased 29% to 20.5c mainly as a result of once–off restructuring costs as well as a higher effective tax rate.
- Group NHEPS was down 14% to 27.2c mainly due to increased net finance costs following the acquisitions concluded in FY2018.
- Free cash flow increased 38% to R119 million which resulted in a 4% reduction in net debt to R588 million. The improved cash position was 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.

FINANCIAL REVIEW

Revenue

Revenue from continuing operations increased by 5% to R913 million (FY2018: R874 million) mainly as a result of increased box volumes as well as the full year inclusion of the prior year acquisitions. The second half of the financial year recorded a significant improvement as revenue increased by 9% in comparison to the first half of the year and also up 4% compared to the second half of the 2018 financial year.

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 (FY2018: 10.6 million) as net box volume growth of 5% was achieved. New box volume intake increased 10% from new and existing customers and was partially offset by a 5% box volume reduction following destructions and withdrawals, resulting in the net box volume growth of 5%. 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.

Operating profit and EBITDA

Operating profit from continuing operations decreased by 3% to R224 million (FY2018: R230 million) mainly as a result of the additional amortisation of intangible assets recognised on prior year acquisitions. Excluding the impact of the additional amortisation, operating profit was flat year–on–year as the inflationary impact on the cost base was offset by the marginal improvement in organic revenue growth, as well as cost control initiatives. The second half of the financial year saw a significant improvement whereby operating profit increased by 16% in comparison to 1HFY19. EBITDA from continuing operations was maintained at R271 million (FY2018: R272 million) as a significant improvement of 16% was achieved in 2HFY19 when compared to 1HFY19. The improvement in the second half of the 2019 financial year resulted from improved revenue performance, as well as tighter cost control.

Cash and debt

Net finance costs increased by 50% to R69 million (FY2018: R46 million) following increased levels of debt as a result of prior year acquisitions. Net debt, however, reduced by 4% to R588 million (FY2018: R615 million) following improved cash generation and free cash flow ("FCF"). FCF improved 38% to R119 million (FY2018: 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 (FY2018: 2.26x)

Restructuring costs and impairments

During FY2019 a strategic review was conducted, following which the Board determined that evergreen software development is not in line with the strategy, but rather, that the Group will partner with relevant companies to develop the optimal digital solutions required by customers. As a result, Metrofile discontinued further investment in Dexterity. Restructuring costs consist mainly of the expenses associated with Dexterity for the financial year, as well as the cost of restructuring this business and retrenchments within Dexterity and the Group.

Following the annual impairment review process, impairments within the Group were identified. As a result goodwill of R18 million in relation to the Middle East was impaired, as well as the investments of R8 million in Lexie Legal Services and Al Bidda Metrofile. Impairments of R29 million of plant and equipment were also made.

Discontinued operations

On 30 June 2019, the Group disposed of CSX for R14 million. The transaction resulted in a disposal of CSX goodwill of R30 million and a further loss on disposal of R3 million. Proceeds on the disposal are expected to be received in three tranches: R0.5m received in July 2019, R10 million by September 2019 and R3.5 million by June 2021 and bear an interest rate at prime.

REVIEW OF OPERATIONS

During the 2019 financial year the segmentation and disclosure of operations within Metrofile was reviewed and enhanced. Operations and segmental disclosure will now consist of 4 operations, being Metrofile Records Management (MRM) South Africa, MRM Rest of Africa, MRM Middle East, and Products and Services South Africa.

MRM South Africa

Revenue from MRM South Africa marginally increased to R556 million (FY2018: R550 million) despite an improvement of 4% in net box volume growth as this was offset by a reduction in revenue from digital services, specifically image processing. The decrease in digital services resulted from external project delays as well as the tough economic environment. A number of projects are now expected to be operationalised in the next financial year as an improvement in the pipeline has been achieved. Operating profit declined by 8% to R204 million (FY2018: R222 million) as a result of the inflationary impact on the mostly fixed cost base. Net box volume growth is expected to increase and the operationalisation of the improved digital services pipeline is expected to be realised in the new financial year.

MRM Rest of Africa

MRM Rest of Africa consists of operations in Kenya, Botswana, Mozambique, Zambia and Nigeria. The overall trading environment was positive and revenue increased by 52% as a result of an improvement in net box volume growth of 7% and the inclusion of prior year acquisition for the full 12 months. Operating profit was also positively impacted by improved trading conditions as an increase of 82% to R35 million (FY2018: R19 million) was achieved. Net box volume growth is expected to increase going forward as the foundation to participate in the greater East African region is currently being established.

MRM Middle East

MRM Middle East consists of operations in Egypt and the United Arab Emirates. Trading conditions have been tough, particularly in Egypt as revenue improved by 3%. Net box volume growth increased by 16%, however, this was offset by a significant reduction in digital services, particularly image processing. The operating loss marginally improved to R8 million (FY2018: R9 million). This operation is currently under review.

Products and Services South Africa

Products and Services consists of Tidy Files, Cleardata and Global Continuity. Trading conditions in South Africa and the operational market of Product and Services has been challenging, with revenue decreasing by 1% to R211 million (FY2018: R214 million). Operating profit declined 15% to R19 million (FY2018: R23 million) as a result of the inflationary impact on the cost base. Through the existing pipeline and introduction of a new product range, performance is expected to improve in the next financial year.

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 1 October 2019. A further announcement setting out the full terms and salient dates of the Scrip Distribution and Cash Dividend alternatives will be published separately in due course.

CHANGES TO THE BOARD OF DIRECTORS

Zaheer Abdulla replaced Cynthia Pongweni as one of the Mineworkers Investment Company (RF) (Pty) Limited representatives with effect from 15 September 2018.

Effective 31 October 2018, Mark McGowan resigned as Group CFO. He was replaced by Kelebogile Dludla who resigned effective 8 March 2019, after which Shivan Mansingh was appointed as the new Group CFO with effect from 1 April 2019.

Leon Rood was appointed alternate to Chris Seabrooke, effective 1 February 2019.

There were no other changes to the Board in the year ended 30 June 2019 or up to the date of this report.

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. These are expected to continue to positively 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.

FORWARD–LOOKING STATEMENT

Statements on future financial performance have not been reviewed or audited by the Group's external auditors. The Group cannot guarantee that any forward–looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these. The Group disclaims any intention and assumes no obligation to update or revise any forward–looking statement even if new information becomes available as a result of future events or for any other reason, other than as stipulated by the JSE Listings Requirements.

RESULTS PRESENTATION

Metrofile will host a presentation, audio webcast and conference call on the financial results at 10h30 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) from 10h30 on 10 September 2019.

Christopher Seabrooke Chairman of the Board	**Pfungwa Serima** Group Chief Executive Officer

Senderwood
5 September 2019

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

REGISTERED OFFICE

41 Wordsworth Avenue, Senderwood, Gauteng, 2007

www.metrofilegroup.com

SPONSOR

The Standard Bank of South Africa Limited

TRANSFER SECRETARIES

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Share code: MFL   ISIN: ZAE000061727
("Metrofile" or "the Company" or "the Group")