

African expansion for Metrofile Holdings

Metrofile Holdings is a large company specialising in both physical and digital information and records management in SA, Mozambique and Nigeria. Also, through its CSX Customer Services brand it has contracts in numerous other African countries.



The company expanded its document and records storage and management operations into Maputo, Mozambique, in 2008 by establishing a joint venture with long-time business partner CVS.

At the end of August the JSE-listed company announced the official opening of its records management branch in Isolo Estate, Nigeria, and became fully operational in the West African country.

Nigeria, the second-biggest economy on the continent and recently tipped to be the largest by 2020, will enable Metrofile to spread any geographical risk in its business, as well as provide excellent room for growth, says Metrofile's chief executive Graham Wackrill. "We believe that in the long term a presence in Nigeria can have a significant effect on our numbers because of the size of its economy."

He says the premises have a warehouse, with a storage capacity of about 80,000 boxes, and offers ample opportunity for expansion.

Initially, Metrofile Records Management Nigeria will offer records storage and management services, with plans to expand the offering to include scanning, data protection and active filing services.

Tremendous demand

"We are confident that there is a tremendous demand for additional services in the country and we will look to introduce these as the business develops," Wackrill says.

Metrofile is renting existing warehouse space in Nigeria in line with the company's strategy to not own property outside SA. Wackrill says the company will look to a purpose-built facility as the demand to manage bigger volumes grows.

The company operates from 44 facilities, at 21 locations, covering more than 88,000m² of warehousing and office space and it manages more than 21bn records on behalf of its customers in SA.

Close to 60% of these facilities are owned by the group, with the rest of the occupied premises being leased. The group states in its annual results to June that it continues to monitor and optimise the balance of owned and leased premises to ensure the continued availability of space to meet further expansionary demand.

Wackrill says the company has a defined strategy of owning 70% of the properties, from which the records management division operates, in order to optimise operational efficiency.

He says the group also has, as a forecast, a targeted debt level of 1,5 times earnings before interest, tax, depreciation and amortisation (Ebitda).

In the year under review, the group grew revenue by 12,7% to R590,2m, Ebitda by 9,6% to R187,5m and headline EPS increased by 17,5% to 25,5c a share. The final dividend declared grew by 44% to 6,5c a share. The full-year dividend of 11c a share represents a 46,7% increase on the comparative period in 2012.

Future looks bright

Capital expenditure (capex) totalled R71m and includes two new buildings, with a combined value of R28,3m.

Wackrill notes that the R28,3m spent on buildings was accelerated due to favourable interest rates, steel prices and increased borrowing capacity. "We had planned to reduce our capex in the 2014 financial year. However, an opportunity arose to purchase two strategically important buildings that we already occupy. The investment amounts to R40m and will result in a reduction of external rentals," he says.

Capital expenditure for 2014 already stands at R41,6m, excluding building developments and purchases.

Wackrill remains confident that Metrofile's ability to expand should allow for continued growth in revenue, Ebitda, earnings and dividends in the year ahead.

He says the company will continue to look for opportunities to expand the group's services both geographically and through additional services. The key focus will be on cross-selling its range of services to both new and existing customers.

"The group remains committed to further expansion into Africa, with new regions being driven by the demand of existing customers that have a need for such services," says Wackrill. "The necessity for businesses to not only archive but manage all types of records positions the group well for further growth and mitigates risk to the organisation," he says.

Source: Financial Mail via I-Net Bridge

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