BLUE LABEL TELECOMS

UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 NOVEMBER 2016

www.bluelabeltelecoms.co.za

BLUE LABEL TELECOMS

UNAUDITED INTERIM RESULTS

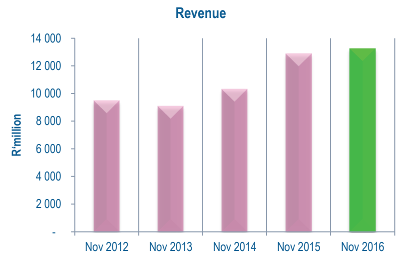
For the half year ended 30 November 2016

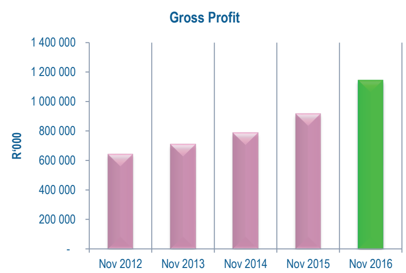
Group highlights for the half year ended 30 November 2016

BLUE LABEL TELECOMS

- Increase in revenue of 3% to R13.2 billion*
- Increase in gross profit of 25% to R1.1 billion
- Increase in EBITDA of 15% to R715 million
- Increase in earnings per share of 56% to 81.78 cents
- Increase HEPS of 54% to 81.78 cents
- Increase in core headline earnings per share of 52% to 82.86 cents

* On including PINless top-ups, revenue increased by 9%





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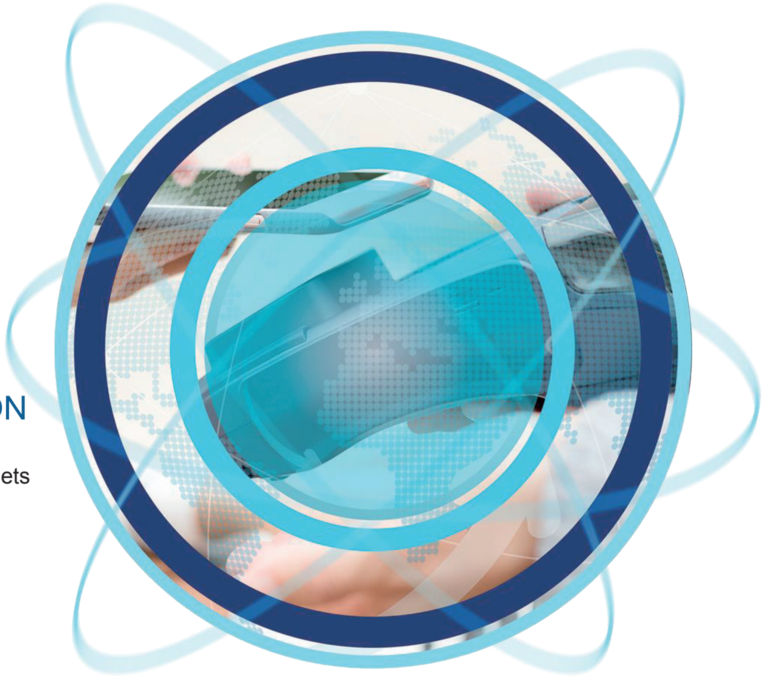
BLUE LABEL TELECOMS

SOUTH AFRICAN DISTRIBUTION

BRETT LEVY – JOINT CEO

- Prepaid airtime, data, starter packs and handsets
- Prepaid electricity and water
- Ticketing
- Financial and other Value Added Services
- Acquisition of stake in Cell C

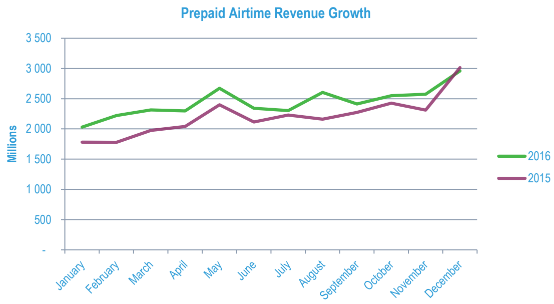


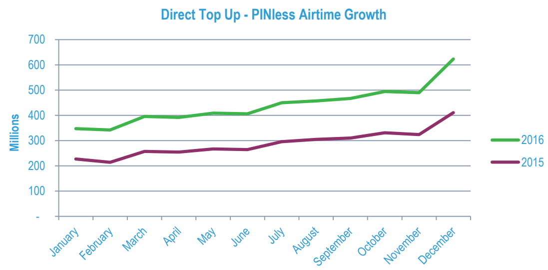
SOUTH AFRICAN DISTRIBUTION

Financial and operational highlights

BLUE LABEL TELECOMS

- » Revenue increase 3%
- » PINless revenue increase by R935 million to R2.8 billion:
  - mainly derived via banking channel
  - when PINless imputed to revenue effective growth is 9%
- » Gross profit improved 28% to R1 billion, mainly due to:
  - receipt of early settlement discounts, and
  - compounding annuity revenue
- » GP margin increase from 6.29% to 7.84%
- » Sweating the assets – merchants selling more of our products
- » Maintaining constructive relationships with all MNO's





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Prepaid Airtime, Data, Starter packs and Handsets

BLUE LABEL TELECOMS

- » Maintaining 700,000 new SIM connections/month, despite depressed market
- » **Increasing sales** driven by:
  - expanding banking channel
  - strong demand for data vouchers
  - competitive pricing though bundled offerings
  - data analytics helps target existing merchants to sell more of our products
- » **Informal market** (85% of revenue):
  - expanding Truck & Footsoldier distribution model
  - partnering with Big Boy Scooters and introducing Motorbike & Trailer
  - Blu Agents' social media platform enhancing lead generation
  - bulk printing channel of ~400 merchants distributing over 30 million vouchers per month
  - shift in buying patterns (5xR12 voucher = 6xR10 voucher = 12xR5 voucher)
- » **Formal market** (15% of revenue):
  - *Chat 4 Change* revenue growth of 25%
  - developing own distribution capabilities in retail channel

BLU AGENT

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Retail Distribution

BLUE LABEL TELECOMS

- » Merchandise includes hardware products such as POS devices, tablets, phablets, handsets and phones
- » Shift from feature phones to inexpensive smartphones:
  - acquired shareholding in *Reware* – sources, repairs, refurbishes, certifies, repackages and distributes pre-owned smartphones
  - local phone manufacturer planning production

- » **Blue Label Connect:**
  - Moova Money, a mobile money transfer service launched

- » **Edgars Connect:**
  - *'One-stop connectivity store'*
  - 59 stores open

MOOVAMONEY™

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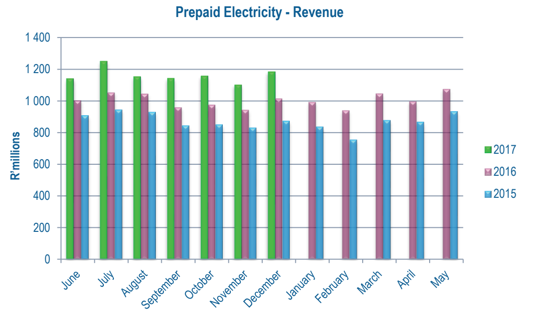
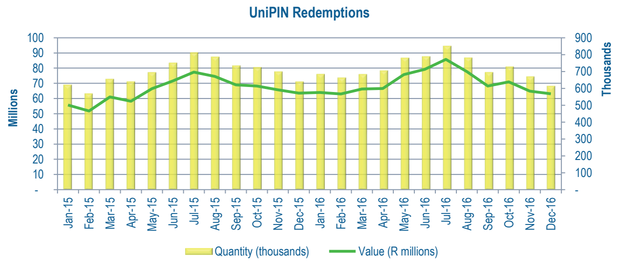
Prepaid Electricity and Water

BLUE LABEL TELECOMS

» Growth continues:
  - commissions earned up 8% to R103 million
  - equates to R6.9 billion in sales, up 15%
» Growth in UniPIN redemptions:
  - value up 19% to R509 million
  - volume up 11% to 5.1 million vouchers
» Eskom promoting benefits of prepaid to municipalities and own customers, envisaging complete move to prepaid meters in longer term
» Securing additional prepaid electricity contracts:
  - Utilities World: Drakenstein Municipality, Steve Tshwete Municipality
  - Prepaid24: campaigns with business partner Jean de Villiers
» Other prepaid services:
  - now offering prepaid gas
  - facilitating standardisation for water meters





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Ticketing

BLUE LABEL TELECOMS

» Ticketing solutions for events, sports and transport sectors
» Growing market share, currently at ~25%
» Entrenched across retail segment in Edcon, Spar and Choppies
» New website - *ticketpro.co.za* augmenting growth
» Long-term ticketing arrangements with:
  - Sun International sponsored events
  - Putco (commuter bus service transporting ~250,000 passengers/month)
» Complimentary ticket management system introduced
» 2.6 million tickets sold
» 79 different venues served
» Revenue up by 28%

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Financial and other Value Added Services

» **Bill Payments:**
- processing ~400,000 transactions/month for ~151 bill issuers
- revenue growth up by 28%
- number of transactions increased by 58%
- additional bill issuers include Multichoice for satellite TV subscriptions

» **Credit and Debit card acquiring:**
- white label capabilities for loyalty programmes

» **Money transfers:**
- *Moova Money* (money transfers) launched in Edcon Group

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Acquisition of stake in Cell C

» Acquisition of 45% stake for R5.5 billion
» Approved by shareholders on 16 Nov 2016
» Binding umbrella restructure agreement announced 27 Feb 2017
» Funding:
- R3.5 billion utilising own cash resources
- R2 billion placement of shares with Net 1, equating ~15% stake in Blue Label

» Rationale for vertical integration move:
1. building value
2. margin defence secures distribution channel
3. commercial synergies

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![Blue Label Telecoms]

INTERNATIONAL DISTRIBUTION

MARK LEVY – JOINT CEO

- Oxigen Services India
- Blue Label Mexico

Mobile Segment

Solutions Segment

Group Prospects

Oxigen Services India - Synopsis

» Expanding *Fintech* economy

» Recent M&A deals driving escalating multiples →

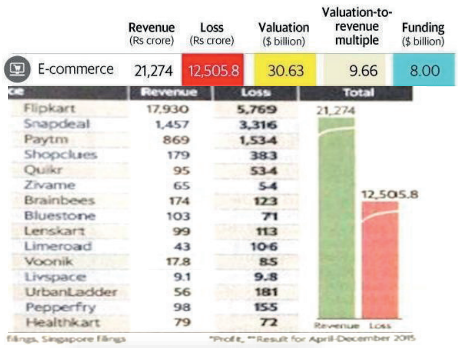
» Indian Government demonetises currency on 8 Nov 2016:

- reducing cash economy in favour of digitisation
- consumers leapfrog from cash payments to mobile wallets
- tangible impact in Nov and Dec

» Accounted for at fair value

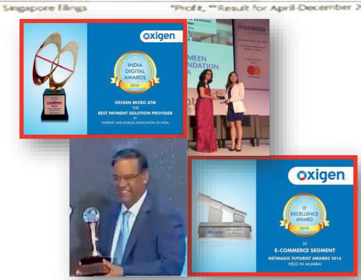
» Accolades and Awards – 2016:

- '*Best Payment Solutions Provider*' by Internet and Mobiles Association of India
- '*IT Excellence*' in E-Commerce Segment at Netmagic Futurist Awards, Mumbai
- '*Iconic Brand in Cash Digitisation*' at World Business Concave, Hong Kong
- '*Integrating Mobile Financial Education & Services for Financial Inclusion in India*' at Mondato Summit for Emerging Asia, Bangkok



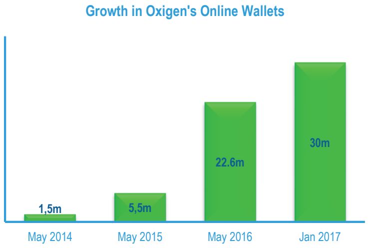
	Revenue (Rs crore)	Loss (Rs crore)	Valuation ($ billion)	Valuation-to-revenue multiple	Funding ($ billion)
E-commerce	21,274	12,505.8	30.63	9.66	8.00

	Revenue	Loss
Flipkart	17,930	5,769
Snapdeal	1,457	3,316
Paytm	869	1,534
Shopclues	179	383
Quikr	95	534
Zivame	65	54
Brainbees	174	123
Bluestone	103	71
Lenskart	99	113
Limeroad	43	106
Voonik	17.8	85
Livspace	9.1	9.8
UrbanLadder	56	181
Pepperfry	98	155
Healthkart	79	72



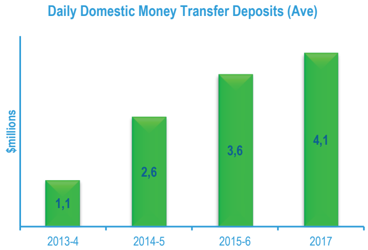
Oxigen Services India – Online Wallets

- 30 million Oxigen Wallet subscribers
- Supported by marketing, branding, advertising, sport sponsorships, brand ambassadors
- Oxigen Wallet interoperability with:
  - >0.5m Virtual Visa Cards
  - >10,000 online sites
  - DND highway, Delhi
  - further reach into retail:
    - Future Group loyalty wallet
    - Big Bazaar co-branded wallet
- On-line e-commerce recognising value in reverse tie-ups with *bricks & mortar* stores



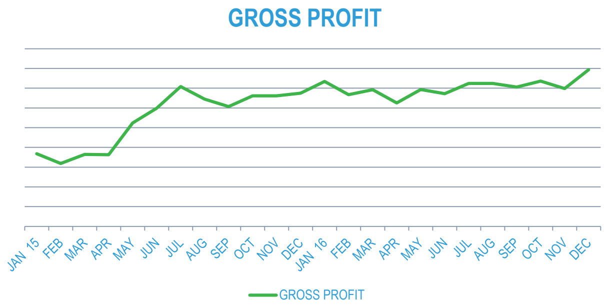
Oxigen Services India – Airtime Recharge and Banking

- Serving 200,000 merchants nationwide
- Selling traditional products via POS devices
- **Airtime recharge:**
  - includes recharge for data card and satellite TV
  - revenue up 8%
- **Banking services:**
  - comprehensive payments and financial services solutions
  - Business Correspondent revenue growth up 51%
  - upgrading POS devices to micro-ATM's to meet cash-in demand
  - partnering with Oxigen for its payment processor capabilities:
    - Federal Bank, Ratnaker Bank, eBay
- **Transfers and Remittances:**
  - Oxigen Money Transfer Services - stable revenues
  - $4.1 million per day in domestic money transfer deposits
  - demonetisation inhibiting cash flowing through to remittances



Blue Label Mexico - Highlights

- » Share of loss from R32.5 million to R22.1 million and narrowing further
- » Gross Profit increase 46% to R15.1 million
- » Sweating the assets:
  - increasing transactional throughput
  - continuous process improvements
- » Strengthening structures:
  - team, platform and systems
- » Paving the way in SIM Card distribution
- » SIM Card distribution complements payment's platform



% share	Telcel	Movistar	AT&T	Other
Market	66%	22%	12%	-
Revenue	66%	24%	9%	1%

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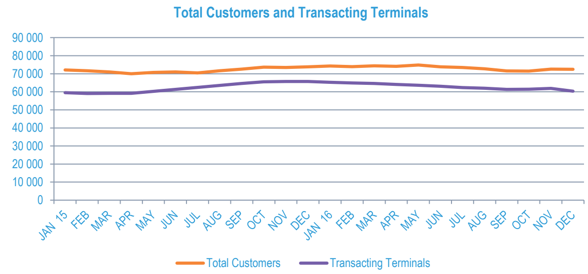
Blue Label Mexico – Devices

- » 72,000 vending devices installed
- » 62,000 active devices:
  - defined as a device registering a transaction during previous month
- » Redeploying and retrofitting devices
- » Roll-out strategy regaining momentum
- » Merchants operating multiple devices



RED qiubo

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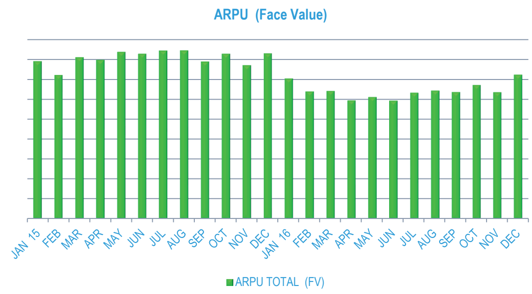
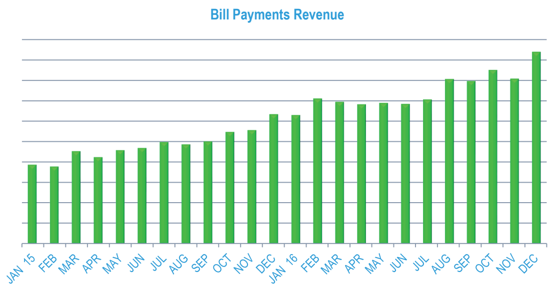
Blue Label Mexico – Airtime top-up

- Competitive MNO landscape
- Blended margin increasing
- Smaller and newer players driving market
- Some price rebound
- >90% of devices transact airtime top-ups



Blue Label Mexico – Bill Payments

- Growth rates continue
- Revenue increasing 52%
- Total transactions up >30%
- Marketing campaigns
- ~50% of devices transact in bill payments

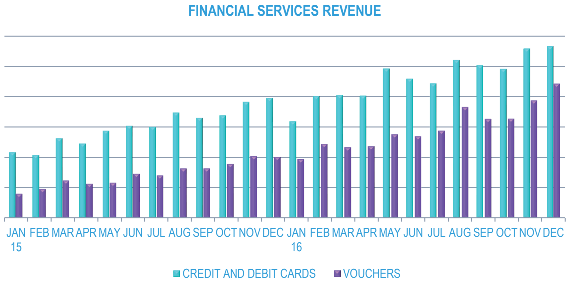


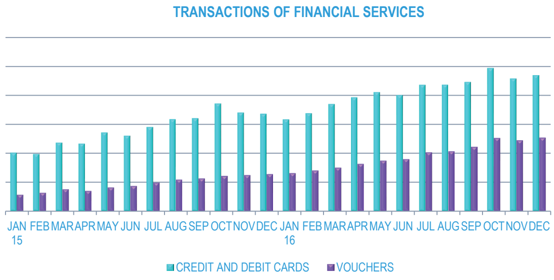
Blue Label Mexico – Financial Services

Merchants accepting Cards and Vouchers:
- Strong growth
- Ave ~25% of devices transacting

Credit and Debit Card Acquiring:
- Partnership with Mastercard, Visa and Banamex
- Revenue up >40% and transactions up >33%

Food Vouchers:
- Servicing Edenred, Si Vale, Sodexo and Inbursa customers
- Revenue and transactions each more than doubled





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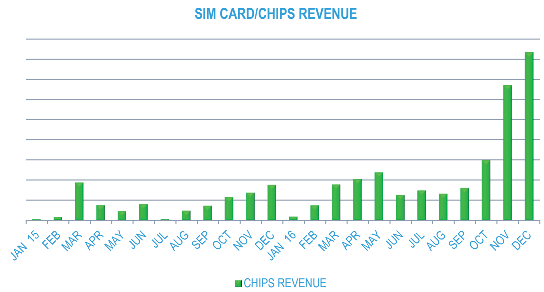
Blue Label Mexico – SIM Card Distribution

- Accelerating distribution
- Education and awareness campaigning:
  - merchandising practices
  - utilising data analytics
  - benefits of delinking and unlocking SIMs and phones
- Distributing up to 60,000 SIMs/week
- SIMs tracked through innovative scanning system
- Enhances cash flows, deriving income from both sales and annuity earned



AT&T

movistar

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Mobile Segment

BLUE LABEL TELECOMS

» Complete ecosystem of services for mobile phone users
» Core net profit up by 22% to R25.5 million

» **Cellfind:**
- Comprising converged communications, mobile financial services and value added services
- bulk SMS distribution of about ~250 million per month
- intensely competitive market

» **Via Media:**
- visual notification services launched
- expanding Content, Product and Services Catalogue
- rest of Africa expansion strategy
- annuity revenue income

» Restructuring segment into Blue Label Mobile

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Solutions Segment

BLUE LABEL TELECOMS

» Data scientists supplying analytical services
» Core net profit increase by 67% to R11 million
» Growth driven by:
- sending 496 million SMSs, up 33%, and
- generating 2.1 million unique leads, up 75%
» Accumulating "Big Database" across Group
» Ensuring database of 17.2 million opt-in entries:
- relevant
- compliant
- POPI and FAIS Acts

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Group Prospects

BLUE LABEL TELECOMS

- » The Board remains positive with regard to the investment in Cell C and other commercial benefits that will flow therefrom.
- » Demand for low-cost smart phones and tablets is expected to accelerate and, in turn, enhance revenue and profitability.
- » Financing of the mobile device element of post-paid contracts, as well as providing short- term finance for emergency top-ups, are under consideration.
- » Losses in Blue Label Mexico are expected to continue to decline with the advent of sustainable improved gross profit margins and increased annuity revenue generated from starter packs.
- » A “Big Data” program has consolidated and aggregated transactions across various divisions within the Group, which will create the opportunity to up-sell and cross-sell the various bouquet of products and services that Blue Label has to offer through their distribution channels.

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BLUE LABEL TELECOMS

FINANCIAL OVERVIEW

DEAN SUNTUP – FINANCIAL DIRECTOR

Financial - Highlights

BLUE LABEL TELECOMS

- **Increase** in revenue of 3% to **R13.2 billion**
- **Increase** in gross profit of 25% to **R1.1 billion**
- **Increase** in EBITDA of 15% to **R715 million**
- **Increase** in headline earnings per share of 54% to **81.78 cents**
- **Increase** in core headline earnings per share of 52% to **82.86 cents**
- **NAV** amounted to **R6.96** per share

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Financial – Income Statement

BLUE LABEL TELECOMS

	Nov 2016 R'000	Nov 2015 R'000
Revenue	13,245,513	12,875,274
Change in inventories of finished goods	(12,100,814)	(11,956,637)
Gross profit	**1,144,699**	**918,637**
Other income	2,861	42,960
Overheads	(432,351)	(341,360)
EBITDA	**715,209**	**620,237**
Depreciation, amortisation and impairment charges	(55,435)	(47,083)
EBIT	**659,774**	**573,154**
Net finance expense	(23,373)	(3,010)
Net profit before taxation	**636,401**	**570,144**
Taxation	(189,064)	(169,694)
Net profit after taxation	**447,337**	**400,450**
Gain on associate measured at fair value	264,204	-
Share of loss from associates and joint ventures	(147,577)	(33,713)
Minority interest	(18,796)	(17,565)
Net profit attributable to equity holders of the parent	**545,168**	**349,172**

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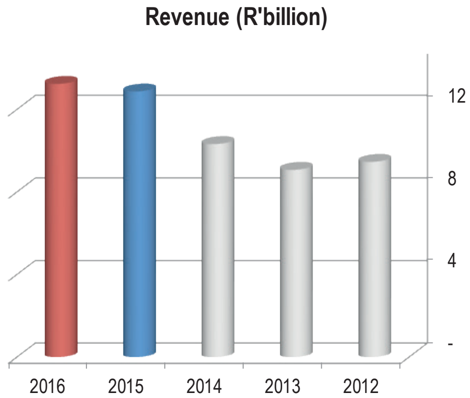
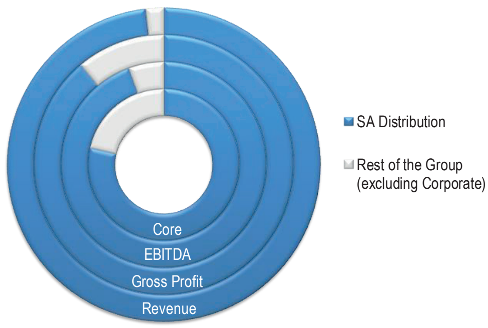
Financial – Income Statement Highlights

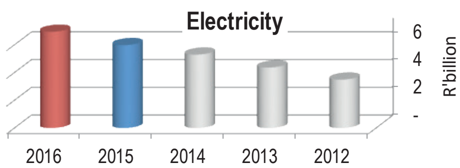
	Nov 2016 R'000	Nov 2015 R'000	Growth R'000	Growth %
Revenue	13,245,513	12,875,274	370,239	3%
Gross profit	1,144,699	918,637	226,062	25%
GP margins	8.64%	7.13%	1.51%	
EBITDA	715,209	620,237	94,972	15%
Net profit	545,168	349,172	195,996	56%

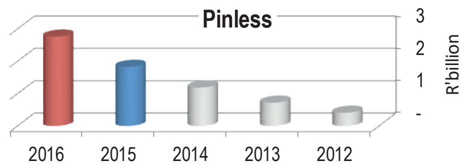


Financial – South African Distribution

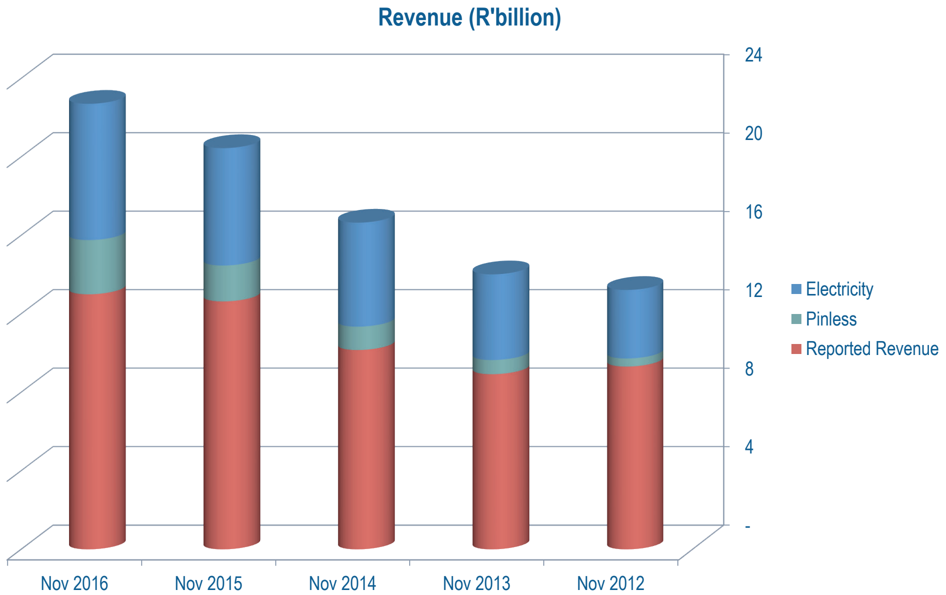
	Nov 2016 R'000	Nov 2015 R'000	Growth R'000	Growth %
Revenue	12,996,799	12,634,322	362,477	3%
Gross profit	1,018,359	795,245	223,114	28%
GP margins	7.84%	6.29%	1.54%	
EBITDA	746,126	577,586	168,540	29%
Core headline earnings	491,336	391,013	100,323	26%







Financial – South African Distribution Revenue



Financial – Associates and Joint Ventures

	Nov 2016 R'000
Net profit after tax	**447,337**
Gain on associate measured at fair value	264,204
Share of losses from associates and joint ventures	(147,577)
Minority interest	(18,796)
Net profit attributable to equity holders of the parent	**545,168**

	Nov 2016 R'000	Nov 2015 R'000	Growth R'000	Growth %
	(147,577)	(33,713)	(113,864)	-338%
Oxigen India	(119,831)	2,813	(122,644)	(4360%)
Blue Label Mexico	(22,122)	(32,499)	10,377	32%
2DFine Mauritius	(5,832)	(4,605)	(1,227)	(27%)
Other	208	578	(370)	(64%)

Financial – Performance

	Nov 2016 R'000	Nov 2015 R'000	Growth R'000	Growth %
Net profit attributable to equity holders of parent	**545,168**	**349,172**	**195,996**	**56%**
Headline earnings adjustment	17	5,328	(5,311)	(100%)
Headline earnings attributable to equity holders of parent	**545,185**	**354,500**	**190,685**	**54%**
Core Headline Earnings				
Headline earnings attributable to equity holders of parent	**545,185**	**354,500**	**190,685**	**54%**
Core adjustment	7,240	8,966	(1,726)	(19%)
Core Headline Earnings	**552,425**	**363,466**	**188,959**	**52%**
Earnings per share (cents)	81.78	52.46		56%
Headline earnings per share (cents)	81.78	53.26		54%
Core headline earnings per share (cents)	82.86	54.60		52%

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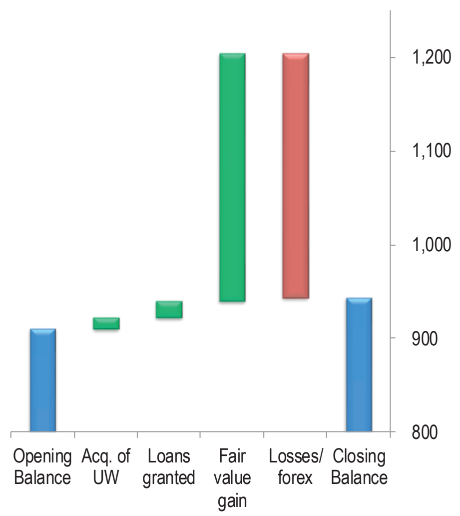
Financial – Balance Sheet

Summarised Group Statement of Financial Position as at	Nov 2016 R'000	May 2016 R'000
Non- current assets	**2,380,693**	**2,275,161**
Property, plant and equipment	114,296	100,434
Intangible assets and goodwill	1,176,858	1,201,773
Investment in associates and joint ventures	943,475	910,567
Other non-current assets	146,064	62,387
Current assets	**5,892,908**	**5,030,790**
Inventories	2,042,354	1,658,860
Trade and other receivables	2,899,293	2,679,023
Other current assets	119,396	103,880
Cash and cash equivalents	831,865	589,027
Total assets	**8,273,601**	**7,305,951**
Capital and reserves	**4,756,212**	**4,519,567**
Non-current liabilities	**100,022**	**102,954**
Current liabilities	**3,417,367**	**2,683,430**
Trade and other payables	3,341,114	2,601,807
Other current liabilities	76,253	81,623
Total equity and liabilities	**8,273,601**	**7,305,951**

Investment in Associates & JVs (R'million)



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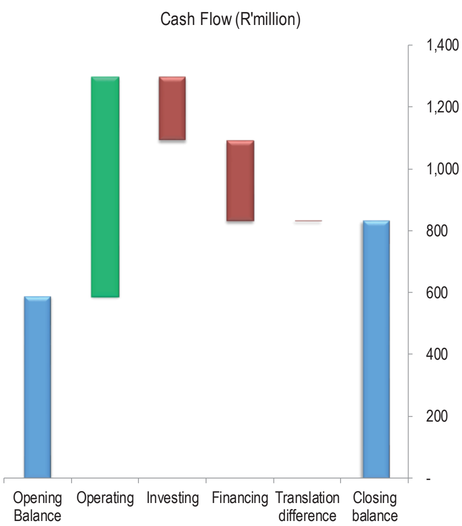
Financial – Cash Flow

Summarised Group Statement of Cash Flows	Nov 2016	Nov 2015
	R'000	R'000
Cash generated by operations	**945,583**	**1,241,467**
Interest received	25,693	17,460
Interest paid	(65,819)	(11,716)
Taxation paid	(196,074)	(157,779)
Cash flows from operating activities	**709,383**	**1,089,432**
Cash flows from investing activities	**(206,902)**	**(156,464)**
Cash flows from financing activities	**(259,607)**	**(236,150)**
Decrease in cash and cash equivalents	**242,874**	**696,818**
Cash and cash equivalents at the beginning of the year	589,027	788,411
Translation difference	(36)	(2,488)
Cash and cash equivalents at the end of the period	**831,865**	**1,482,741**



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THANK YOU

Q & A

BLUE LABEL TELECOMS

SUPPLEMENTARY INFORMATION

Supplementary – Blue Label factsheet

BLUE LABEL TELECOMS

- Founded in 2001
- 1,844 employees Groupwide (FY'16)
- Business model underpinned by long-term distribution contracts
- Products and services include
- - airtime, starter packs, data and handsets
- - electricity and water
- - ticketing
- - financial and value adding services
- Listed as BLU on JSE in 2007
- - R12 billion current market capitalisation (at R18/share)
- - free float ~57% with diverse institutional shareholder base
- - ADRs launched in 2013
- Maiden dividend paid in September 2010
- CSI spend R6.5 million and training, development & bursaries R7.4 million (FY16)

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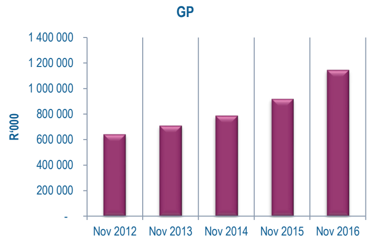
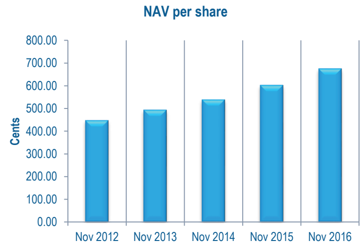
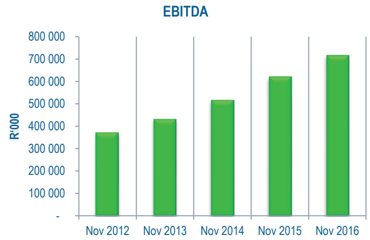
Supplementary – Charting our growth







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Supplementary – Making a difference in South Africa

For Consumers:

- Sophisticated proprietary technology
- Distributing innovative products and services
- Airtime, Starter packs, prepaid Electricity, Financial services and New solutions – Data, Ticketing and prepaid Water
- Reaching un- and under-banked, especially rural communities
- Taking product to the people
- Enabling payment for merchandise in a convenient manner
- Enriching and uplifting lifestyles
- Facilitating household electrification

For Merchants:

- Informal employment ~30,000 merchants, footsoldiers, BLU Agents
- Building solid relationships with merchant base
- Fostering entrepreneurial and empowerment skills
- Various entrepreneurial trading models – gazebos, umbrellas, tables, stalls, bicycles, trucks
- Upskilling, education, mentoring and development programmes and courses

CSI Spend:
- R6.5 million
- mainly on youth projects:
  - CEO Sleepout
  - Charity Golf Day
  - Boys & Girls Club Protea Glen opened May 2016

Boys & Girls Clubs of South Africa:
#greatfuturesstsarthere
'these young ones will create jobs, be innovative and defend our economy…' (*MEC for Education, Panyaza Lesufi*)

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Supplementary – Group Operating structure as at 30 November 2016

100% unless otherwise stated

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Supplementary – Barriers to entry

- Lag times in negotiating supplier and customer contracts can hinder integration
- Long term contracts – ensure there is no cheaper pricing in the market
- Lock-out periods for processing new and developing existing technologies. Roll-out of devices takes time
- Time: as customers prioritise systems' integration for their own needs/objectives and/or products and services (customer, forecourt, municipality, utility, bank, retailer)
- Technology platforms – AEON (proprietary, agnostic, neutral aggregator, plug 'n play, proven, scalable, no fees to others) and Postilion (banking and financial services grade)
- Expanding distribution channel: >150,000 POP's in SA, ~200,000 POP's in India, and >72,000 in Mexico
- Reputable local partners is key to business model
- Trust and relationships of over 15 years in business
- These are some of our greatest assets, achieved through long-term contracts with customers and suppliers, which fortify our foundations
- Same barriers can hinder us entering new markets

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Supplementary – Peer group

VERTICAL PEERS

- Blue Label Telecoms
  - JSE listed
- Cyberplat
  - Russian base
- Eckoh – AIM listed
- Euronet - Nasdaq listed
- Hawk - Nasdaq listed
- InComm – privately held in USA
- NET 1 – Nasdaq listed
- Paypal – Nasdaq listed
- PayPoint – LSE listed
- Qiwi – Nasdaq listed

HORIZONTAL PEERS ELECTRICITY

- Cigicell / Blue Label Telecoms
- Conlog
- Contour
- Easypay
- Flash
- Landis & Gyr
- Ontec

HORIZONTAL PEERS TICKETING

- Ticketpro / Blue Label Telecoms
- Big Concerts / Computicket
- Computicket / Shoprite
- Itickets
- Nuticket
- Quicket
- Webticket / PicknPay

MOBILE WALLETS INDIA *

- PayTM
- Freecharge/Snapdeal
- Mobikwik
- Oxigen Wallet
- PayUmoney
- Citrus wallet

*Descending in market share

NETWORKS BY POS DEVICE MEXICO *

- Red Qiubo / Blue Label Mexico
- Cajeros Automaticos
- OXXO
- Sistema Bancario
- Pemex
- BBVA Bancomer
- Elektra
- Banamex
- Telecom Telegrafos
- WalMart
- HSBC
- 7-Eleven
- Famsa

* Descending in size

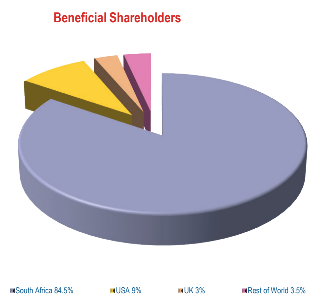
Supplementary – Shareholder Profile at 30 November 2016

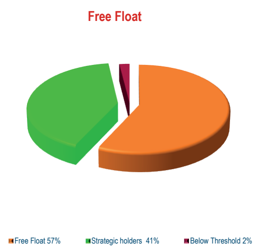
Top Shareholders:

- Allan Gray and clients – 22%
- Shotput Investments – 14.8%
- B M Levy – 12.5%
- M S Levy – 11.4%
- 36ONE – 4.79%
- Investec – 2.9%
- Sbg Securities – 2.8%
- Public Investment Corporation – 2.3%
- Dimensional Fund Advisors – 2%

Notes:

- Shareholders of >2% of issued capital account for ~66% of total issued share capital
- ADR programme through BNY Mellon
- Market capitalisation R12 billion (at R18/share)
- 54.9% share price appreciation calendar 2016
- 18.7% p.a. outperformance to FTSE/JSE All Share Index over past 5 years





BLUE LABEL
TELECOMS

THANK YOU

NOTES: