BLUE LABEL
TELECOMS

Audited Results

for the year ended 31 May 2011

Agenda

- Salient Features
- Strategy Update
- South African Distribution
- International Distribution
- Financial Overview
- Prospects

Salient Features for year ended 31 May 2011

- Revenue up 13% to R18 billion
- SA airtime revenue up 15%
- Stand-out performance from prepaid electricity up 79%
- Rationalisation of operations in SA under Blue Label Distribution
- International strategy refocused:
  - Commitment to sell assets and liabilities in Nigeria, and
  - Strategic partnership announced in Mexico and shareholding increased in India.
- Dividend of 14 cents per share declared up 17%

Strategy to Creating Value

Opportunity

- Prepaid provides certainty
- Prepaid is an alternative payment method
- Airtime builds the highway
- Growing demand in SA:
  - electricity, money transfers, data delivery
- Robust cash flows fund growth
- India and Mexico

Delivery

- Robust, scalable and proprietary technology
- Ensure right skills and talent
- Minimum capital expenditure
- Minimum cost to delivery
- Sustainable
- Unleveraged balance sheet
- Build network distribution and introduce products
- Grow product-lines and consumer-base

Value Added

- POPs:

  >1 million globally and >140,000 in SA
- Organic growth
- Mergers and acquisitions
- Dividend yielding
- Large, fast-growing markets with low penetration

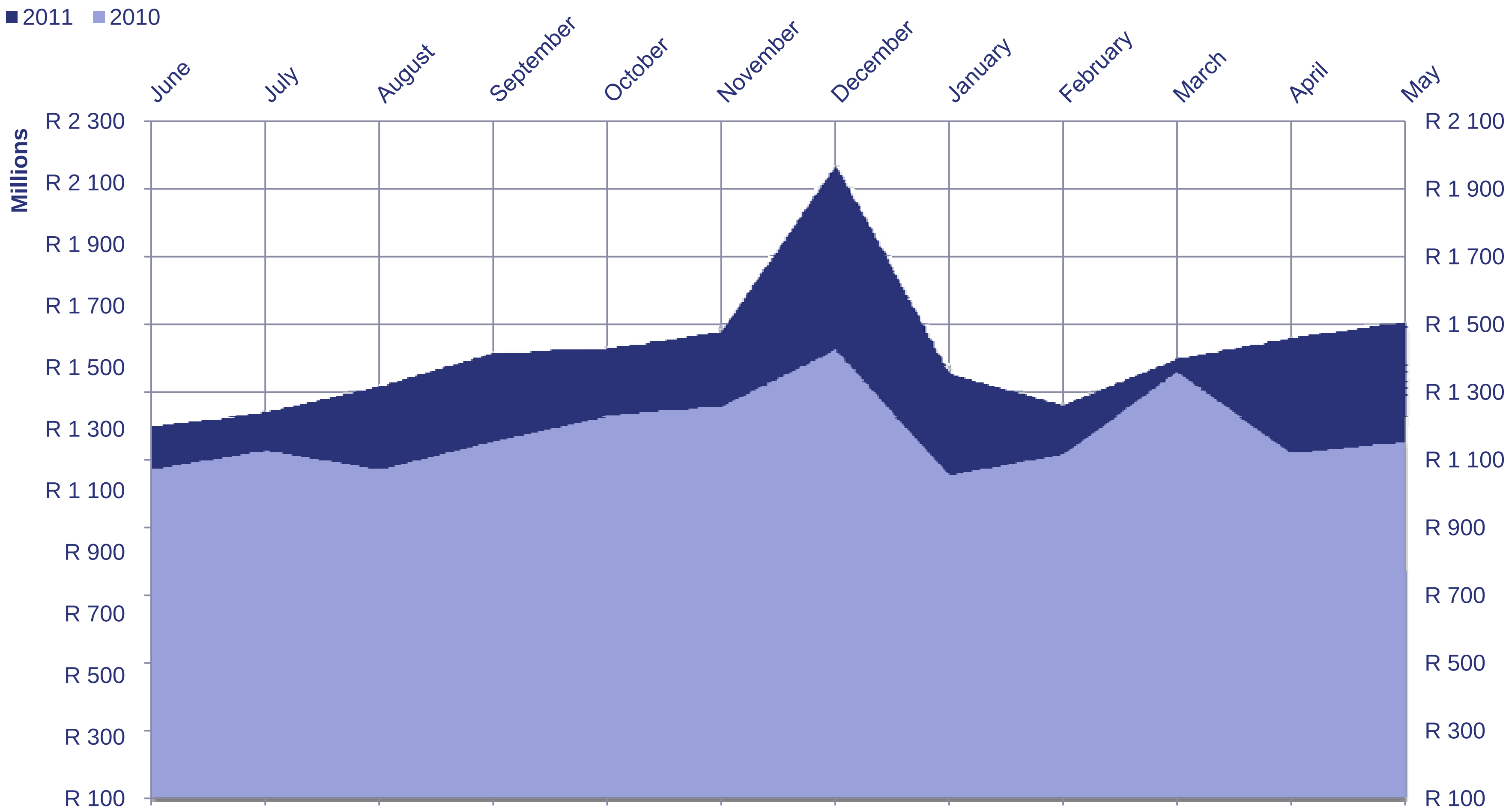
South African Distribution

Brett Levy - Joint CEO

SA Distribution
Operational and Financial Highlights

- Revenue up 15% to R17,8 billion
- Core net profit up 3% to R571 million
- Airtime contribution up 15% vs network growth of ~6%
- Electricity commissions received up 79% from R34 million to R61 million
- Money transfers slowly gaining traction
- GP Margin declined from 5,58% to 5,19% YOY, but current melded margin consistent for past 18 months
- Outlook is for another strong performance from prepaid electricity, telco's and data delivery

Prepaid Airtime: Revenue Growth

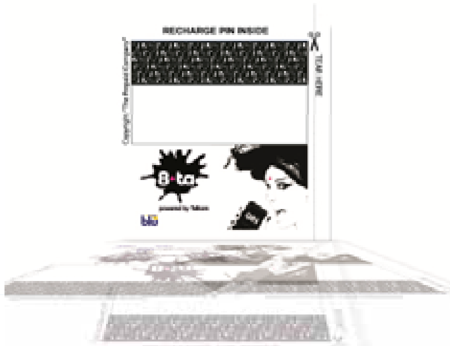


Revenue comprises sales of physical and virtual prepaid airtime as well as compounded annuity generated from starter packs.

Prepaid Airtime and Starter-Packs

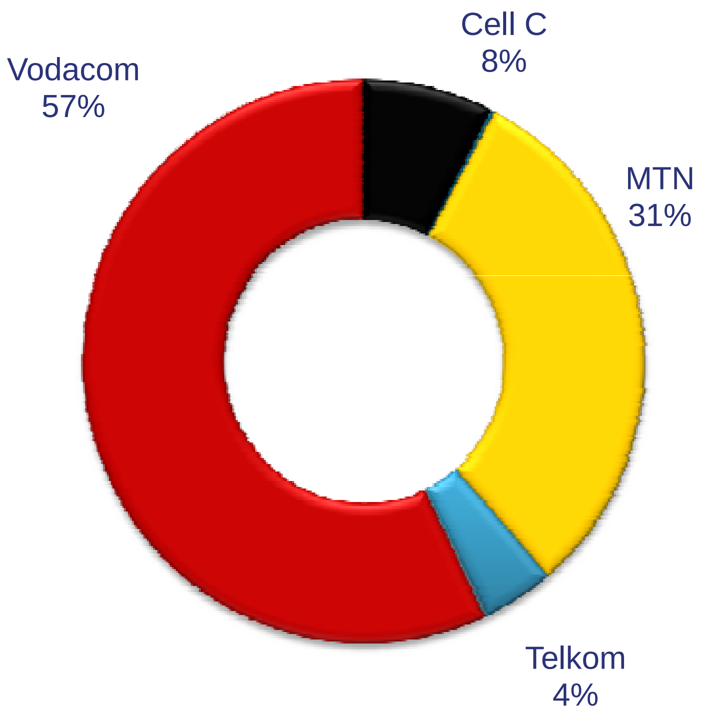
- Revenue growth entirely organic and volume related
- Growth from greater reach into independent stores
- No. of connections up 47% (YOY)
- RICA impact of reduced activations seems to be over
- Price increases passed down distribution channel
- Underpinned by long-term contracts with each major network:

  Vodacom, MTN, Cell C, Telkom, 8ta and Virgin

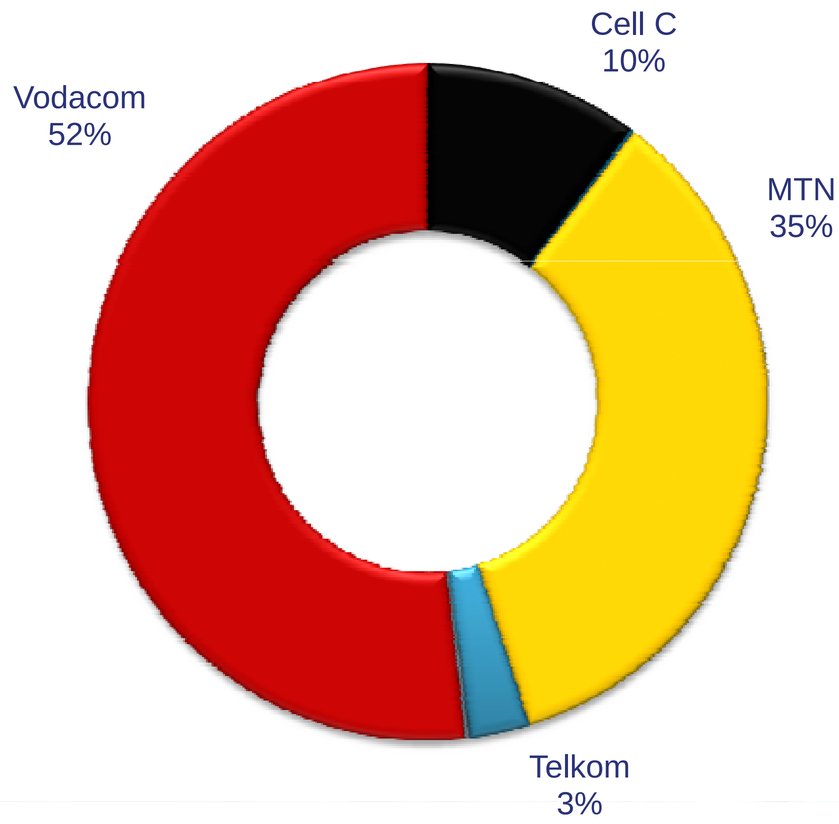


Prepaid Airtime Revenue Per Network

31 May 2010

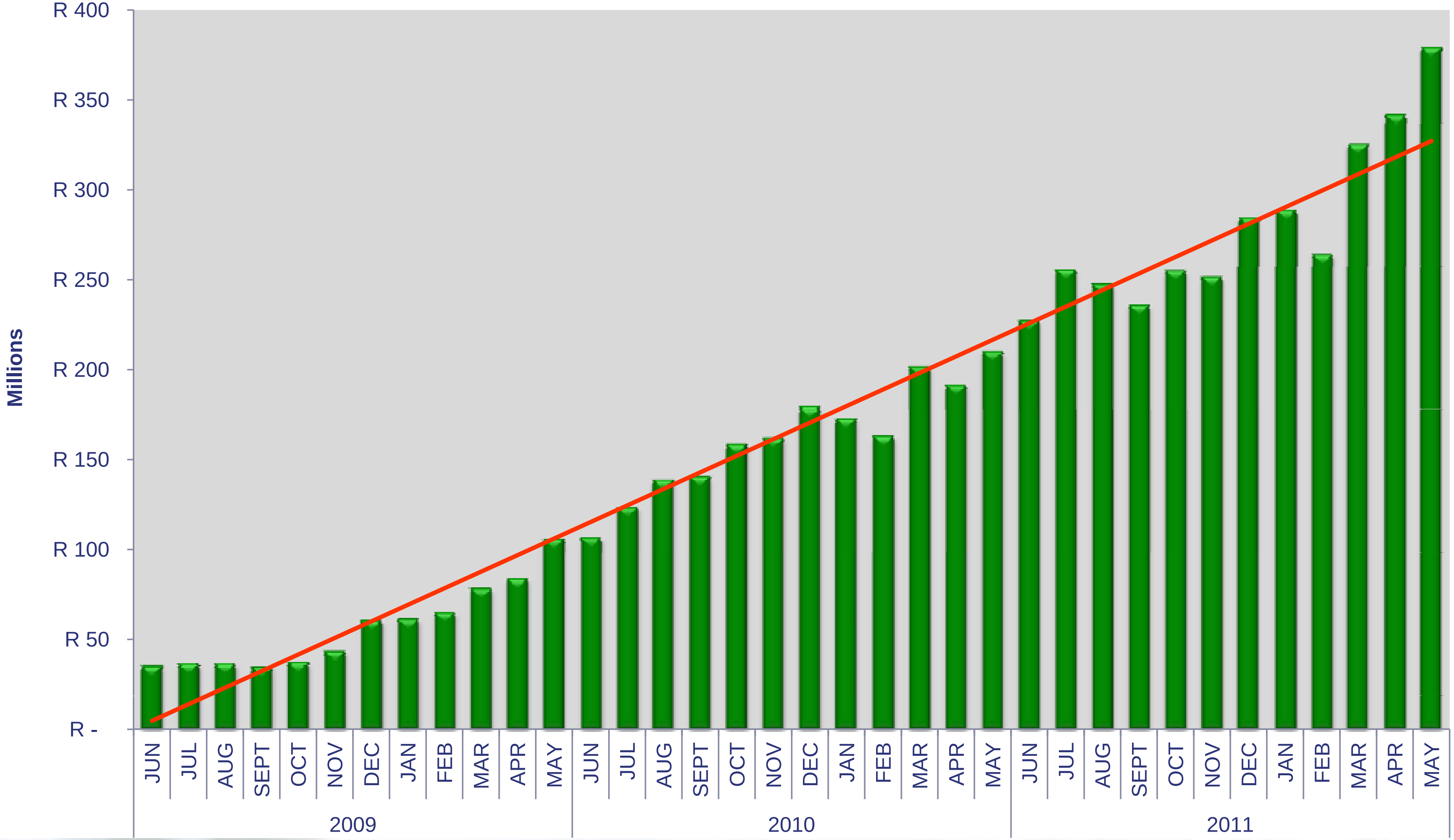


31 May 2011



*the other networks amount to less than 1%

Prepaid Electricity: Revenue Growth



** The group does not account for revenue on face value of electricity but only on commissions received*

Prepaid Electricity

- Commissions received up 79% from R34 million to R61 million, equating to R3,4 billion in sales, up from R1,9 billion YOY
- Net commissions received average 2% included in revenue
- Act as agent not principle, so only commissions earned is included in revenue and not face value of sales
- Growth indicative of potential to equal prepaid airtime contribution
- Eskom and Johannesburg City Power endorsement
- Ekurhuleni and eThekwini municipalities' distribution and vending contracts gaining rapid traction
- Awarded Cape Town municipality distribution contract
- Awarded Tshwane municipality with effect 1 September 2011
- Estimated size of current market in SA is 7 million meters
- Government commitment to roll out 14 million meters by 2014
- Provides optionality: on-line and growing offline redemptions through UniPIN

- Bill payments
- Electronic Funds Transfers
- Financial services
- Retail outlets
- Transport ticketing and solutions
- Lotto
- Bela international calling card
- Ukash – Standard Bank online
- Near Field Communications (NFC)

International Distribution

Mark Levy - Joint CEO

International Distribution: Operational and Financial Highlights

- Consolidation of segment
- Commitment to sell assets and liabilities in Nigeria:
  - resources better deployed in other territories
  - arbitration with Multi-Links ongoing
- Ukash (15,75% held):
  - share of profit up 209% to R8,8 million, as redemption values and volumes increase
  - Queen's Award for Enterprise in International Trade – 2011
- Shareholdings realigned in Mexico and India
- Improving performance outlook for both Mexico and India

Oxigen India

- Evolving from a prepaid recharge platform into a versatile payment solutions provider
- Market penetration only 450,000 POS
- 90,000 POS footprint, with 30,000 more being deployed
- Focus on State Bank of India business correspondent/kiosk banking
- Development of low-cost POS and introduction of GPRS terminals (OxiSmart)
- Reserve Bank approval of OxiCash prepaid card
- Appointed national service provider to Nokia Money, offering their prepaid wallet
- Share of loss reduced 27% to R5,1 million
- Shareholding increased from 37,22% to 55,83% with remaining 44,17% held by local management, post year end

Blue Label Mexico

- One of our most promising businesses: 5,000 POS active with growth through Independent Sales Organisation (ISO) model
- Strategic partnership with Grupo Bimbo at 40% stake, with remaining 40% held by Blue Label and 20% by local management, with effect from February 2011
- Grupo Bimbo is largest bakery business in the world with operations across 17 countries in the Americas and Asia
- Accelerating terminal roll-out to Grupo Bimbo's vast distribution network
- Trading impacted as platform infrastructure fully migrated to Mexico
- Share of losses for the year of R18 million
- Geographic location important springboard for USA and other Latin American markets

Blue Label Technology, Mobile and Solutions Segments

Technology

- Restructured to align with new business segments
- > 10% growth in transaction volumes at Postilion (bulk) Switch in last Q
- Developing cloud strategy
- Focus on support for Mexico
- Technology capex R73 million
- Technology overhead R74 million

Mobile

- >5 billion mobile users in world
- Our ecosystem now includes NFC

MSC

- Mobile services business
- E.g. mobile banking platform and mobile merchant services

Cellfind

- Location based services
- E.g. generic panic button

Content Connect Africa

- Premium supplier of African music downloads
- Period of building catalogue base and partnerships

Mobile: R15,6 million core headline earnings for year

Solutions

Blue Label Data Solutions

- Entrenching direct marketing strategies
- Poised for growth after consolidation period

CNS and Velociti

- Call centre expertise with 700 seats
- Creative management in difficult market conditions
- Remarkable turnaround achieved

Solutions: R7 million core headline earnings for year

Financial Overview

David Rivkind - Financial Director

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Financial Overview

Positive Contributors

+

- Revenues
- Call Centres
- Associates
- Mexico

Negative Contributors

–

- Nigeria
- Impairments

=

- Core Earnings ↑ 15%
- Headline Earnings ↓ 4%
- Core Headline Earnings (Excl. Nigeria) ↑ 13%

Highlights for the 2011 year

Revenue Increased by 13% to R18 billion	**NPAT** Increased by 18% to R431 million	**Core Earnings** Increased by 15% to R456 million
Headline EPS From continuing operations increased 15%	**Cash Generation** R566 million, accumulated cash resources to R2.2 billion	**Dividend** Per share 14 cents

Income Statement

	FY 2011 R'000	FY 2010 R'000	Growth R'000	% Growth
Revenue	18,064,572	15,939,764	2,124,808	13%
Gross profit	1,067,633	1,016,543	51,090	5%
GP margins	**5.91%**	**6.38%**	**(0.47%)**	
Other income	6,942	11,087	(4,145)	(37%)
Overheads	(476,758)	(489,438)	12,680	(3%)
EBITDA	597,817	538,192	59,625	11%
Depreciation and amortisation	(92,519)	(91,701)	(818)	1%
EBIT	505,298	446,491	58,807	13%
Net finance income	30,583	53,891	(23,308)	(43%)
Net profit before taxation	535,881	500,382	35,499	7%
Taxation	(157,243)	(163,917)	6,674	(4%)
Net profit after tax	378,638	336,465	42,173	13%
Minority interest	3,229	7,872	(4,643)	(59%)
Share of profit / (losses) from associates	4,817	(14,948)	19,765	132%
Share of losses from joint ventures	(18,896)	(12,699)	(6,197)	49%
Headline earnings from continuing operations	**367,788**	**316,690**	**51,098**	**16%**

South African Distribution

	FY 2011 R'000 Total group	FY 2011 R'000 SA Distribution	FY 2010 R'000 SA Distribution	Growth R'000 SA Distribution	% Growth
Revenue	18,064,572	17,821,605	15,543,337	2,278,268	15%
Gross profit	1,067,633	925,398	867,230	58,168	7%
Gross profit %	5.91%	5.19%	5.58%		
EBITDA	597 817	711,767	685,686	26,081	4%
EBITDA Margins	3.31%	4.00%	4.41%		

	6 months ended		6 months ended	
	31 May 2011	30 Nov 2010	31 May 2010	30 Nov 2009
Gross Profit Margins	5.19%	5.20%	5.11%	6.07%

- Growth in revenue was volume related and exceeded industry norms
- Commissions recognised on electricity increased 79% to R61m. Gross revenue - R3.4bn
- Corporate expenditure of R82m and technical support and maintenance of R75m resulted in group EBITDA being less than SA Distribution

Associates

	FY 2011 R'000	FY 2010 R'000	Growth R'000	% Growth
Share of profit / (losses) from associates	**4,817**	**(14,948)**	**19,765**	**132%**
- Ukash	8,782	(8,079)	16,861	209%
- Oxigen Services India	(5,163)	(7,098)	1,935	27%
- Other	1,198	229	969	423%

- Ukash *
  - Ukash voucher redemptions increased by 84%
  - Revenues increased by 71%
  - Recognition of deferred tax assets in Ukash – R6.5m
- India *
  - Revenue increased by 24%
  - Decline in overheads by 8%

** As reported in their local currency*

Joint Ventures

	FY 2011 R'000	FY 2010 R'000	Growth R'000
Share of losses from joint ventures	**(18,896)**	**(12,699)**	**(6,197)**
- Blue Label Mexico Trading Operations	(17,824)	(12,665)	(5,159)
- Other	(1,072)	(34)	(1,038)

- Blue Label Mexico
  - Diluted from 70% to 40% in February 2011
  - Revenue increased by 232% (reported in their local currency).
  - Increase in overheads to gear up on infrastructure costs to accommodate the roll out of POS devices to the Grupo Bimbo's channel of distribution as well as anticipated internal volume growth.

Income Statement

	FY 2011 R'000	FY 2010 R'000	Growth R'000	% Growth
Headline earnings from continuing operations	**367,788**	**316,690**	**51,098**	**16%**
Discontinued operation – APS Nigeria trading	(18,341)	49,119	(67,460)	(137%)
Headline earnings	349,447	365,809	(16,362)	(4%)
Gain on dilution	145,905	-	145,905	
Profit on disposal of subsidiary	-	18,566	(18,566)	
Impairments	(63,904)	(19,353)	(44,552)	
Net profit attributable to equity holders of parent	431,448	365,022	66,426	18%
Core intangible adjustment	24,975	31,623	(6,648)	(21%)
Core net profit	456,423	396,645	59,778	15%
Earnings per share (cents)	57.04	48.17		18%
Headline earnings per share (cents)	46.20	48.27		(4%)
- From continuing operations (cents)	50.12	43.46		15%
- From discontinued operations (cents)	(3.92)	(4.81)		19%
Core earnings per share (cents)	60.34	52.34		15%

Impairments

	FY 2011 R'000
Assets	**20,648**
Property, plant and equipment - Nigeria	5 592
Available-for-sale financial asset	15,056
Goodwill	**27 985**
Africa Prepaid Services Nigeria	13 296
SharedPhone International	5 380
Content Connect Africa	9 309
Intangibles	**15 271**
Africa Prepaid Services Nigeria	3 475
SharedPhone International	1 071
Content Connect Africa	1 352
Blue Label Distribution	3 641
Mobile Services Company	5 732
Total	**63,904**

Balance Sheet

Summarised Group Statement of Financial Position as at 31 May	2011 R'000	2010 R'000
Non- current assets	**851,665**	**717,581**
Property, plant and equipment	139,747	156,888
Intangible assets and goodwill	433,513	436,824
Investment in associates and joint ventures	239,997	96,888
Other non-current assets	38,408	26,981
Current assets	**4,216,942**	**3,730,721**
Inventories	1,012,594	560,846
Trade and other receivables	914,164	987,279
Other current assets	63,487	125,519
Cash and cash equivalents	2,226,697	2,057,077
Assets of disposal group classified as held for sale	**20,481**	**-**
Total assets	**5,089,888**	**4,448,302**
Capital and reserves	**2,955,363**	**2,655,436**
Non-current liabilities	**38,093**	**47,696**
Current liabilities	**2,081,760**	**1,745,170**
Trade and other payables	2,046,773	1,718,907
Bank overdraft	527	2,175
Other current liabilities	34,460	24,088
Liabilities of disposal group classified as held for sale	**13,872**	**-**
Total equity and liabilities	**5,089,088**	**4,448,302**

- R143m increase in investments in joint ventures due to Blue Label Mexico transaction
- Inventory increase due to stock piling at year end in anticipation of price increases.
- Current asset ratio 2:1
- Stock turn – 12 days
- Debtors days – 17 days
- Creditors days – 41 days

Cash Flow

Summarised Group Statement of Cash Flows

as at 31 May	2011 R'000	2010 R'000
Cash generated by operations	**566,053**	**622,992**
Interest received	50,645	84,130
Interest paid	-8,221	-5,131
Taxation paid	-180,814	-186,081
Cash flows from operating activities	**427,663**	**515,910**
Cash flows from investing activities	**-147,438**	**-185,000**
Cash flows from financing activities	**-100,004**	**-26,195**
Increase in cash and cash equivalents	**180,221**	**304,715**
Cash and cash equivalents at the beginning of the year	2,054,902	1,756,806
Translation difference	-8,953	-6,619
Cash and cash equivalents at the end of the year	**2,226,170**	**2,054,902**

- Starter pack base purchased for R83m
- Capex of R74m
- Dividend payment -R91m

Dividend of **14 cents**
per share declared

Cover of **3.3 times**
on HEPS

Prospects

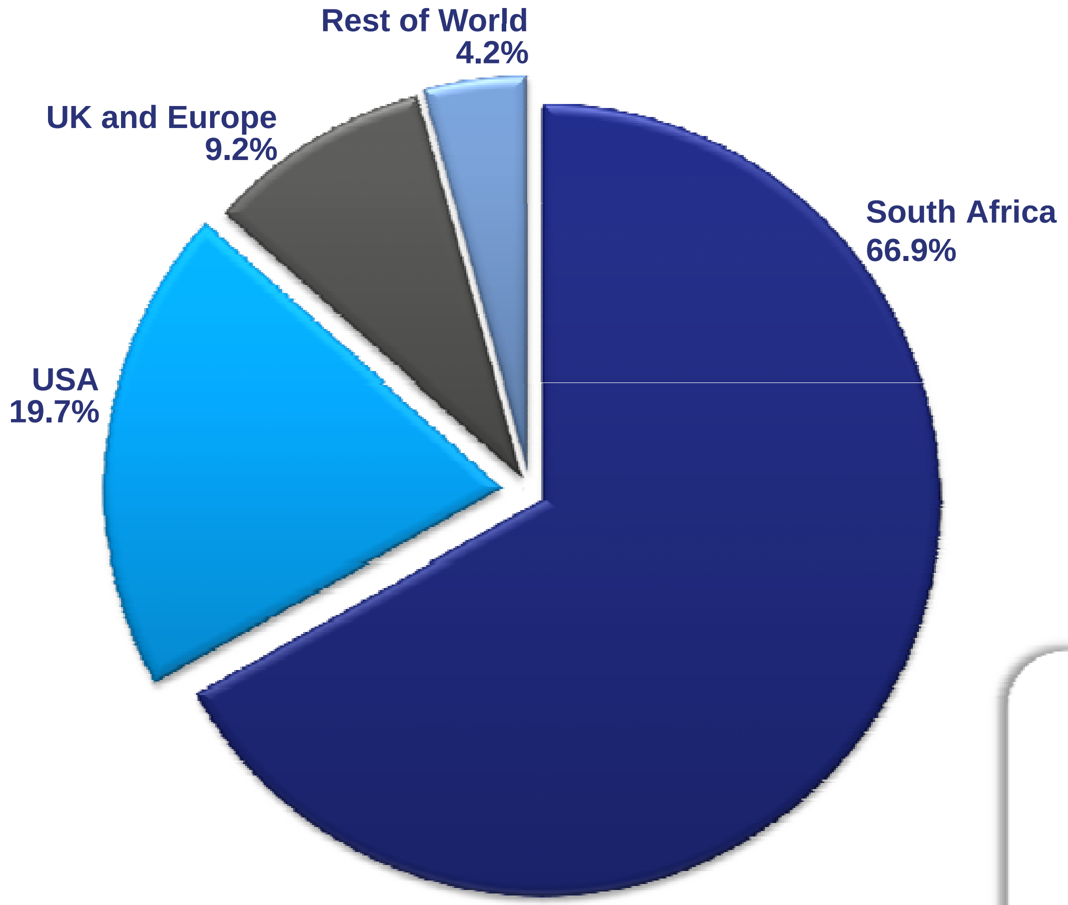
- Airtime sales are expected to continue exceeding industry norms
- Commissions received on prepaid electricity are likely to increase both organically and through contracts with additional electricity providers
- Mobile segment is expected to generate advertising revenue on bulk printed prepaid vouchers and point of sale receipt vouchers
- Refocused International segment remains core to achieving footprint growth
- Grupo Bimbo's vast distribution and accelerating roll-out of POS devices will result in increasing sales' volumes of electronic tokens of value in Mexico
- Oxigen India evolving to fulfill its vision of supplementing traditional prepaid recharge platform business by providing versatile payment solutions, including mobile wallet, international remittances and cash cards
- The group will continue to focus on expanding its product range offering and distribution network, organically and through acquisition, both locally and internationally

Thank you

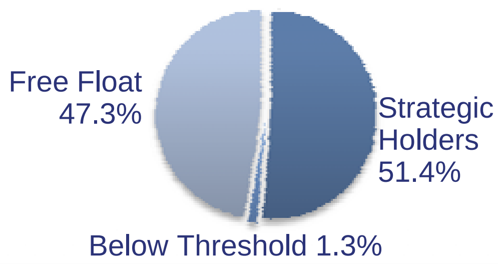
Questions & Answers

Supplementary Information

Beneficial Shareholders



Free Float



Supplementary:
Group Structure

Blue Label South Africa	Blue Label International	Blue Label Mobile	Blue Label Technology	Blue Label Solutions
Blue Label Distribution	African Prepaid Services (72%)	Cellfind	Activi Technology Services	Datacel
The Prepaid Company	Gold Label	Content Connect Africa	Activi	Velociti
Crown Cellular	Oxigen Services India (37.22%)	Mobile Services Company	Transaction Junction (60%)	CNS Call Centre
Bela Phone Company (51%)	Ukash (15.75%)			Blue Label Data Solutions (81%)
Ventury	SharedPhone International (50.1%)			
CigiCell (74%)	Blue Label Mexico (40%)			
The Postpaid Company (75%)				

100% unless otherwise stated

Supplementary: Global Footprint

Two strategies for international expansion: Bricks and Mortar & Technology Offerings

Technology offering

Austria
Belgium
Benin
Canada
China
Czech Republic
Denmark
DRC
Estonia
Finland
France
Greece
Guinea Bissau
Haiti
Hungary
Ireland
Italy
Latvia
Lesotho
Liberia
Mozambique
Netherlands
Norway
Poland
Portugal
Russia
Rwanda
Serra Leone
Slovenia
Spain
Sweden
Tanzania
Uganda
Ukraine
United Kingdom
Uruguay
Yemen
Zimbabwe

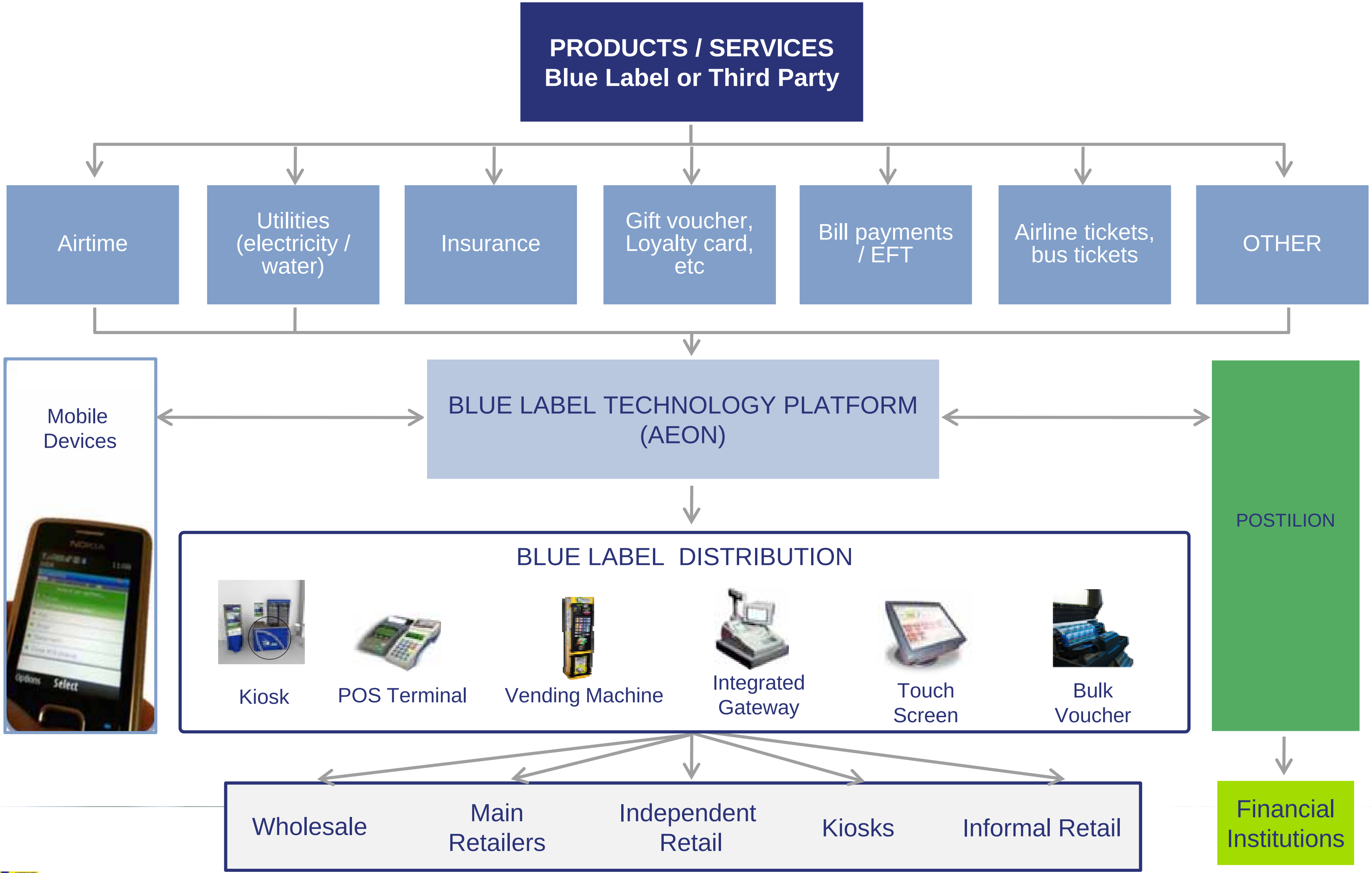
Bricks and Mortar

India
Mexico
South Africa
United Kingdom

Supplementary: Barriers to Entry

- The following natural barriers to entry exist in the environments in which BLT operates:
  - The ease of ability to integrate can be hindered by lag times in the negotiation of supplier and customer contracts
  - Lock out periods for the processing of new technologies
  - Customers desire to prioritise for their own objectives and/or products and services
- These have become some of our greatest assets, achieved by securing long term contracts with customers and suppliers

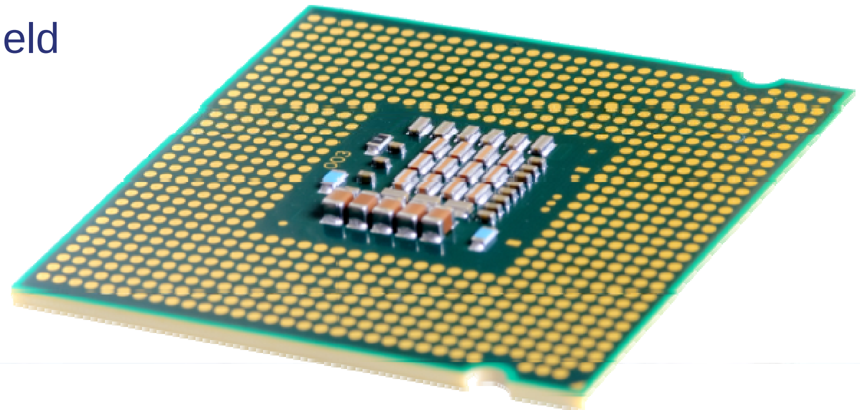
Supplementary:
Technical Overview



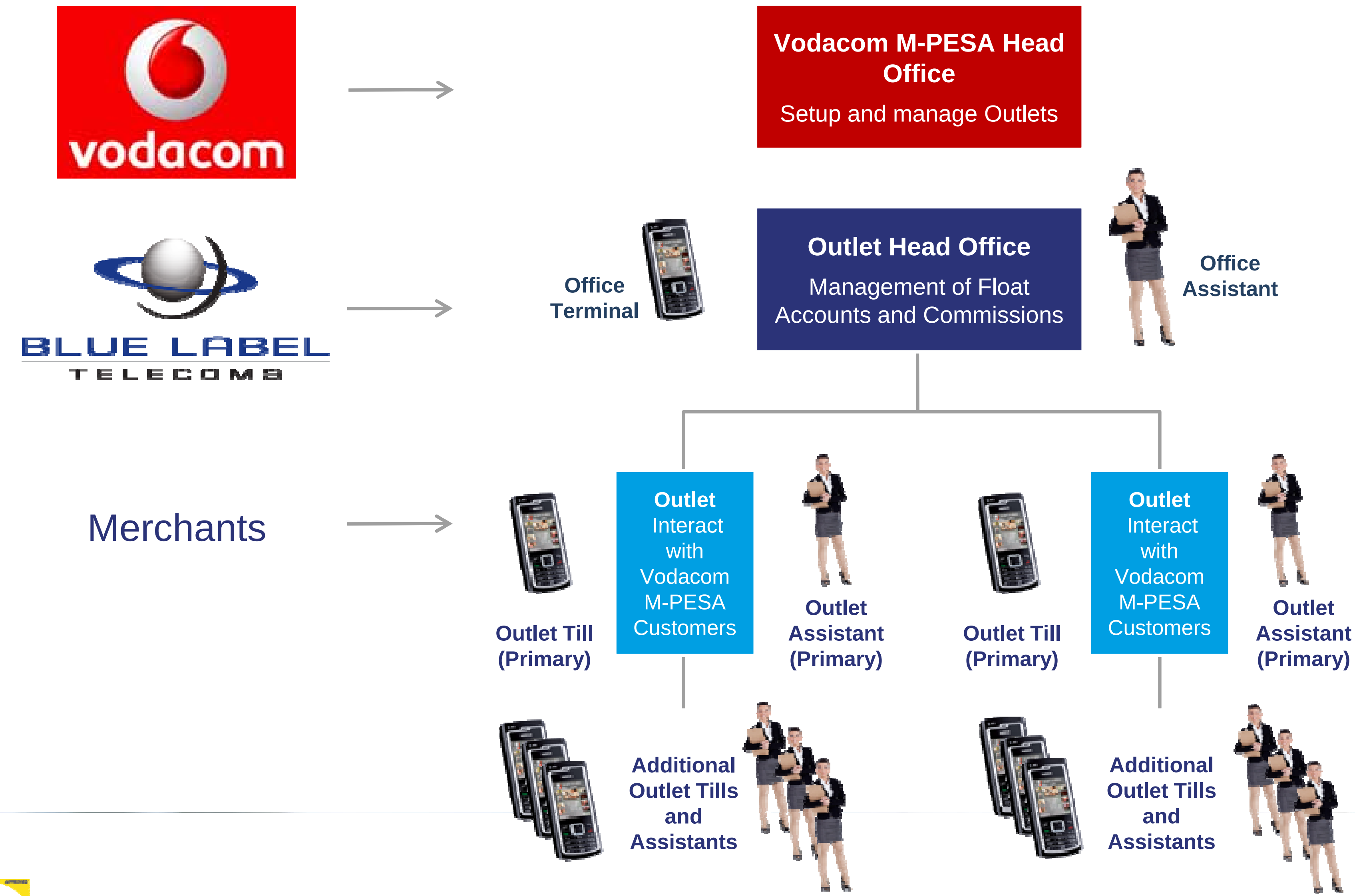
Supplementary:
Core Competencies

The core technology service offering includes:

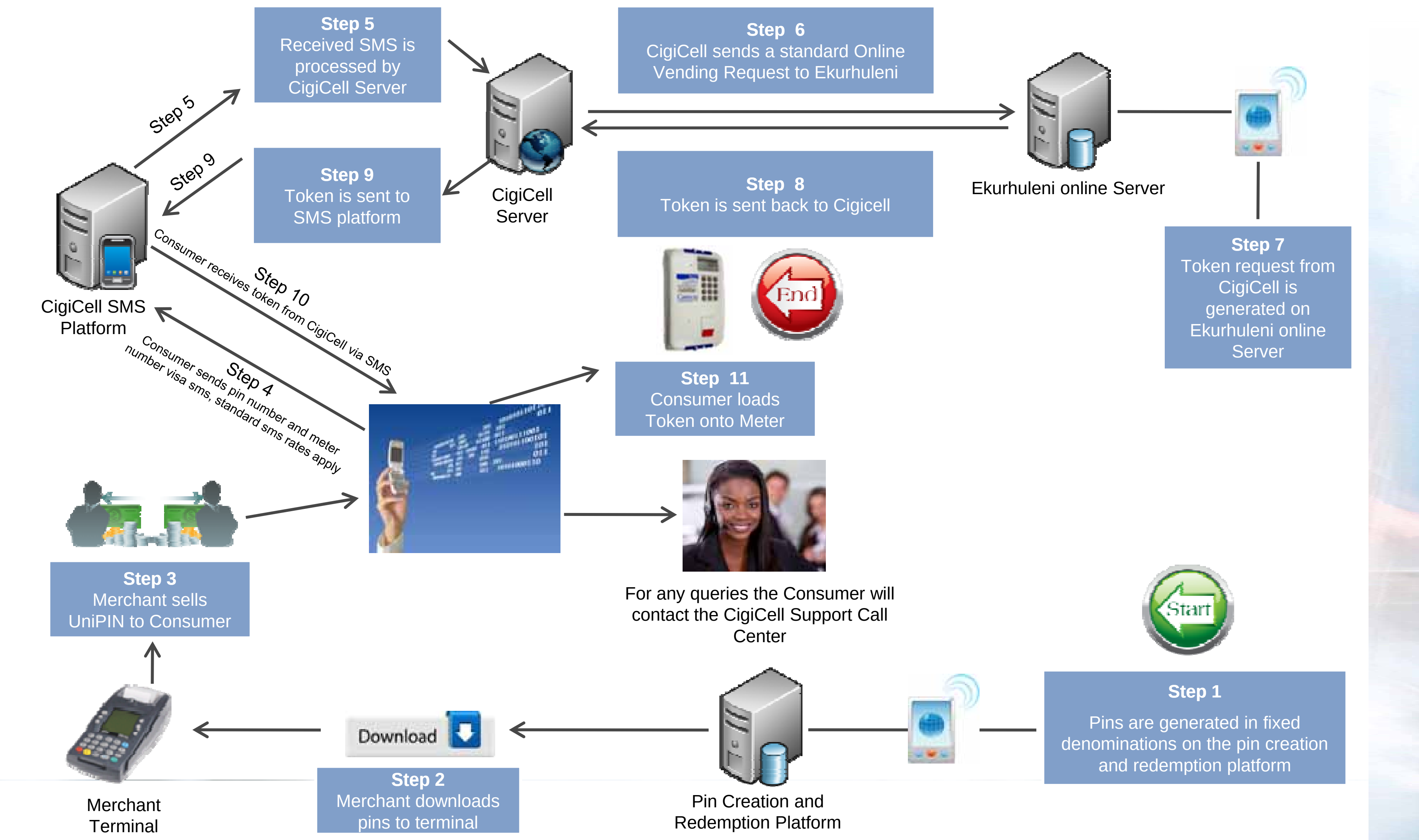
- Facilitating secure financial transactions
- Providing and enabling various types of secure e-tokens
- Operational support to these e-token and transactional systems
- Point of Sale device and customer field support
- Hosting and management of IT infrastructure, and
- Sourcing and maintenance of devices in the field



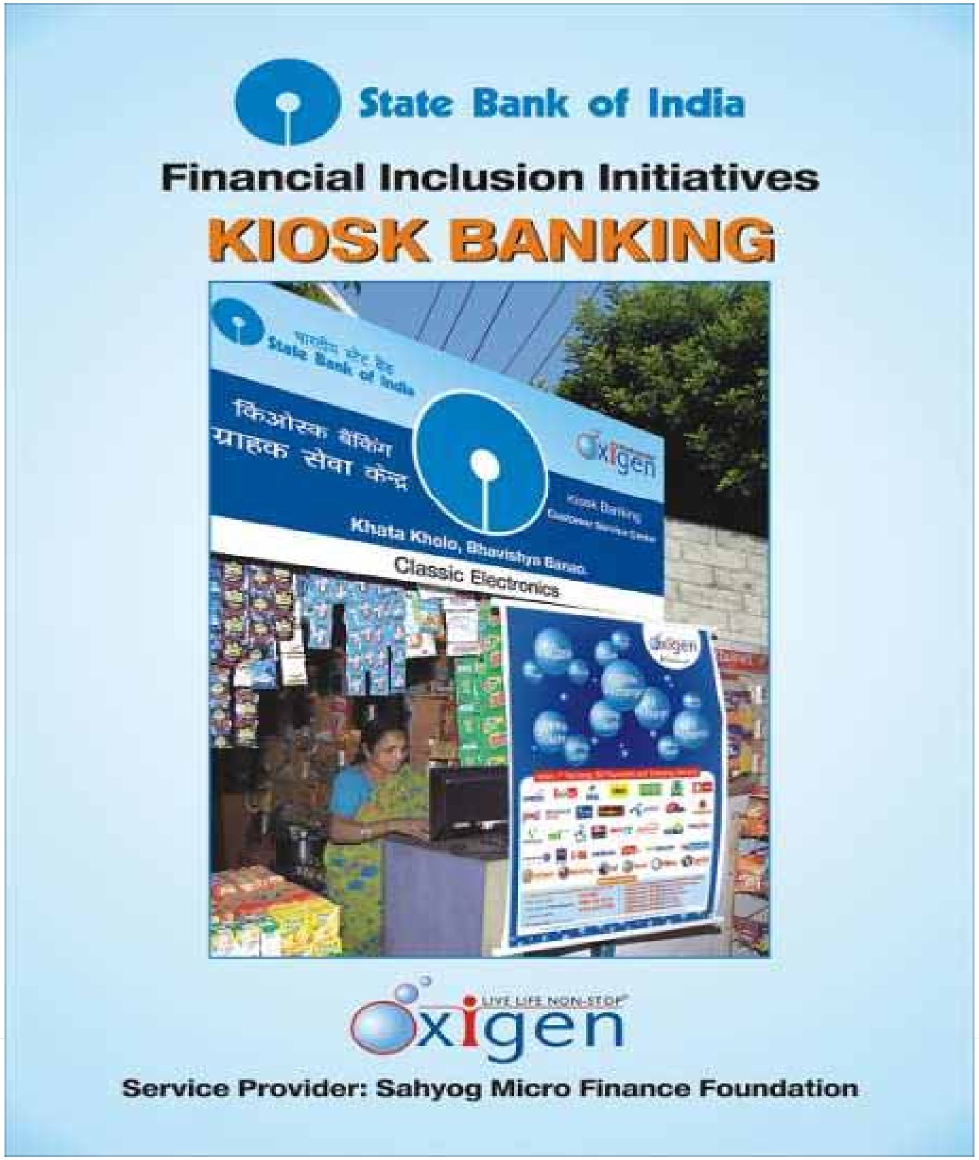
Supplementary:
mPesa Aggregator Model



Supplementary:
UniPIN – Process Flow for Electricity Purchase



Supplementary:
Oxigen India: Kiosk Banking



Supplementary:
Oxigen India: Strategy and Presence

- Synergise the targets of SBI for coverage in villages and urban

Presence Established

Achievement

- 1,009 CSP's appointed across 12 states
- 329 CSP's actively transacting
- $38MM worth of banking transactions processed till date
- 689 unbanked villages covered
- 309 unbanked villages operational

- **Nokia Mobile Money**
  - ✓ A Prepaid Account - safe and convenient to use, you control how much you spend
  - ✓ Cash can be deposited at your nearest Oxigen retailer
  - ✓ Cash can be withdrawn at Oxigen retailers / ATMs
  - ✓ Spend from your account using a mobile application - uses SMS, no GPRS needed

Load once, spend many times, any time and from anywhere!