BLUE LABEL
TELECOMS

Audited results

for the year ended 31 May 2014

Highlights for the year ended
31 May 2014

» HEPS rises 6% to 67.98 cents

» EBITDA up 10% to R788 million

» GP margin improves from 6.70% to 6.96%

» Revenue increases 2% to R19.4 billion

» PINless revenue growth up 71% to R1.7 billion

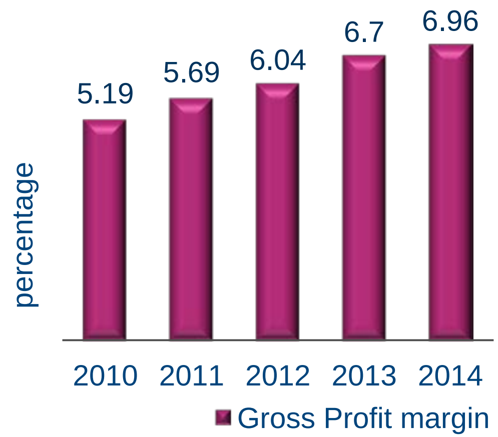
» Electricity commissions earned up 17% to R133 million

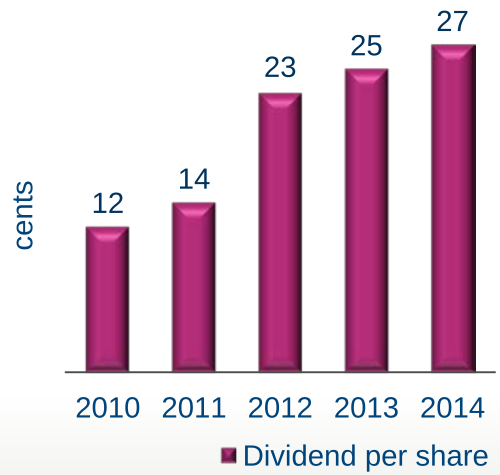
» Cash resources R1.2 billion:

- R907 million from operating activities

- investing in distribution channels – India, Mexico and SA

» Dividend declared up 8% to 27 cents per share





Strategy creates Value

Highlights | Strategy | Acquisitions | SA Distribution | International | Mobile, Solutions and Technology | Prospects | Financial

OPPORTUNITY

- Prepaid provides certainty
- Prepaid is an alternative payment method
- Airtime builds railroad tracks
- Add products and services
- Growing demand in SA: electricity, ticketing, financial services, data delivery
- Income based on 3 pillars: commodity, annuity and interest
- Business model generates robust cash flows
- Growth in operations in UK, India and Mexico - regional springboards

DELIVERY

- Robust, scalable, agnostic and proprietary technology platform - AEON
- Postilion switch for financial services
- Disciplined and minimal capital expenditure
- Sustainable
- Unleveraged balance sheet
- Measured and scaled approach to expansions
- Building network distribution and introducing products and services
- Growing product lines and consumer bases
- Manage ‘the last mile’ in the distribution channel

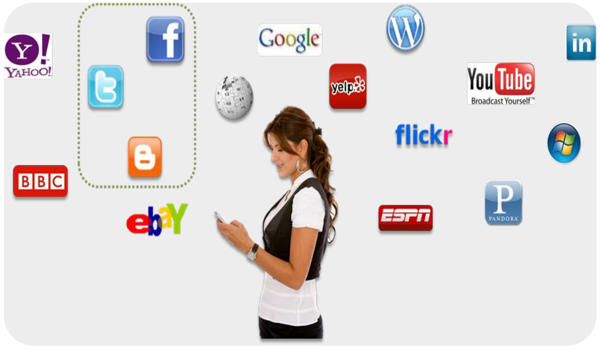
VALUE ADDING

- >150,000 POPs in SA
- Organic growth
- Surplus cash: Dividend yielding, share buy-back, mergers and acquisitions
- Large, fast growing markets with low penetration
- Equity, contractual and strategic partnerships
- Entrepreneurial spirit
- Bulk Buying/early settlement discounts

Airtime - Industry trends

BLUE LABEL TELECOMS

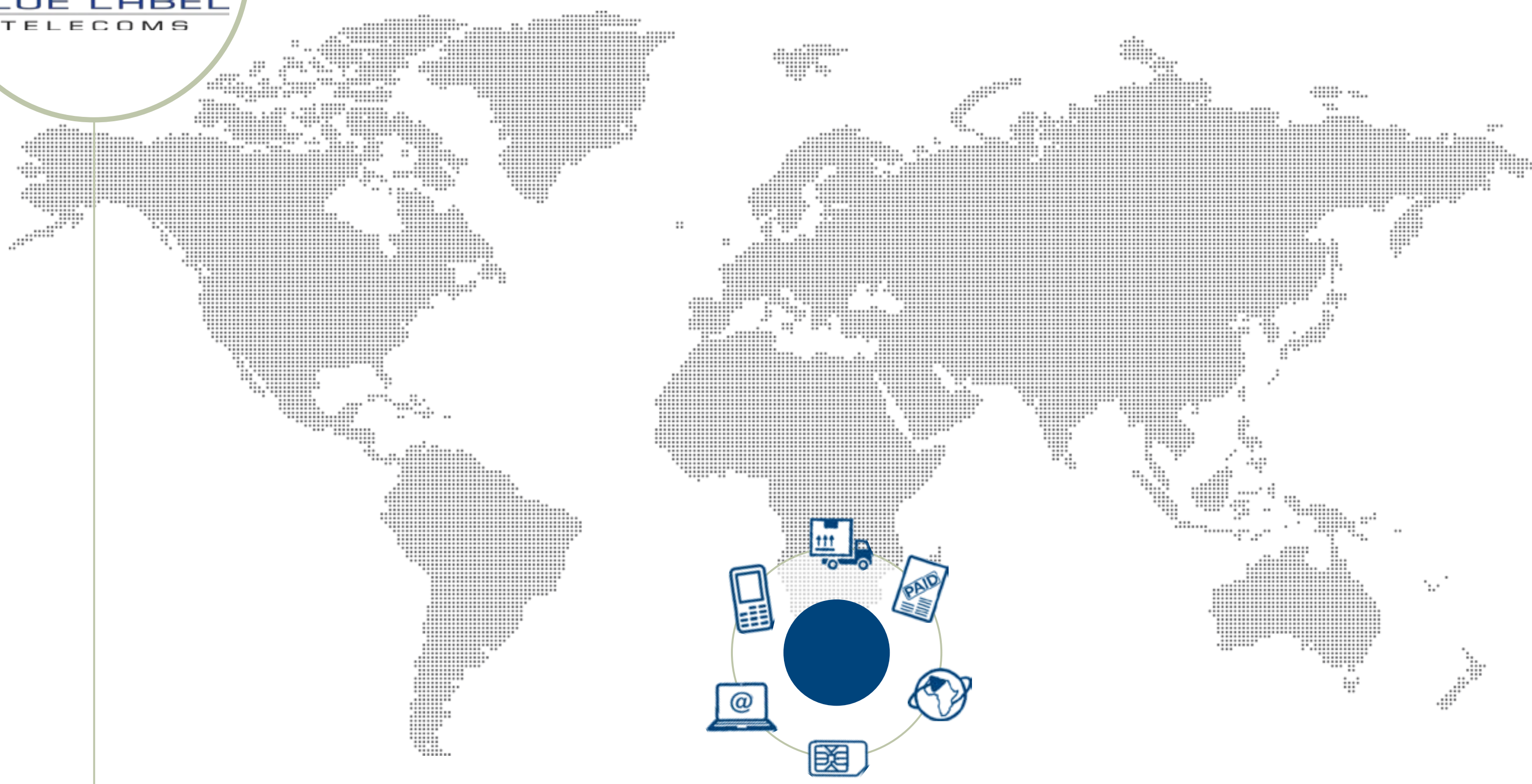
- Landscape is changing
- Margin compression
- Competitive pricing
- The Regulator ICASA
- Mobile Termination Rates (MTR's)
- Data and Voice
- Significant investment in distribution channels



Acquisitions Update

» **Via Media** (75%) announced 11 August 2014
- unique technology platform
- selling content and value adding services
- mobile entertainment and information
- initial consideration R144,375 million
- additional up to R103,123 million due if warranted profits achieved
- up to a further R112,500 million due if stretch targets achieved, over and above warranted profits

» **RMCS** (100%) completed 7 April 2014
- service provider of virtual and physical cellular data products
- final cash consideration of R314 million paid



South African Distribution

Brett Levy – Joint CEO

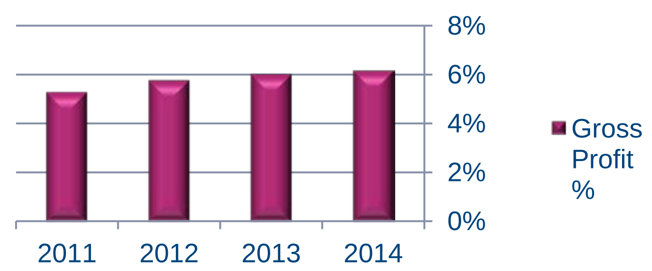
Operational and Financial Highlights

- Revenue achieved R19.1 billion
- Growth in PINless revenue up 71% to R1.7 billion
- Increasing Gross Profit margin

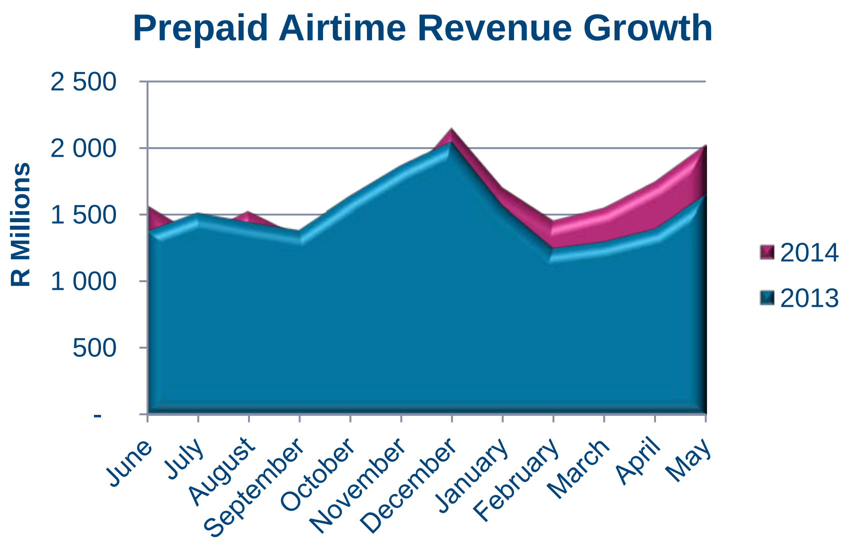
2014	2013	2012	2011
6.18%	5.99%	5.75%	5.26%

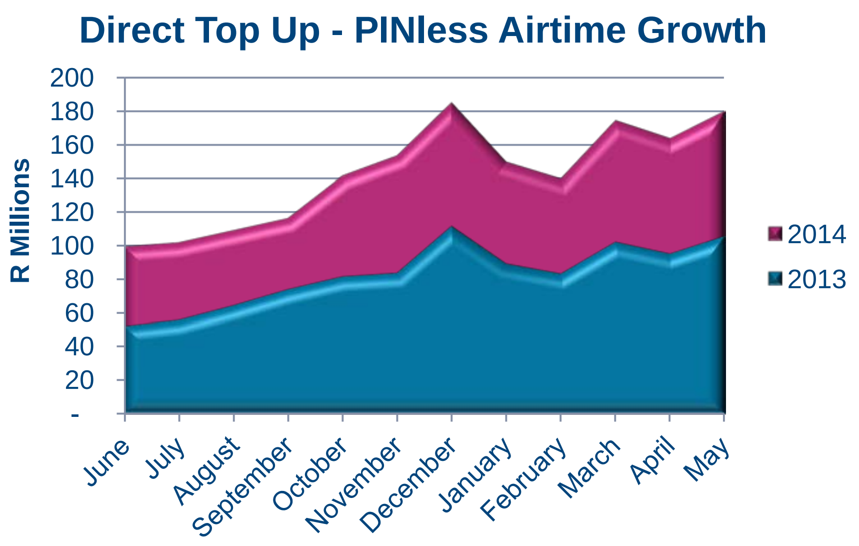
- Products and services include:
  - Airtime
  - Starter packs
  - Electricity
  - Ticketing
  - Financial Services
  - Value Adding Services

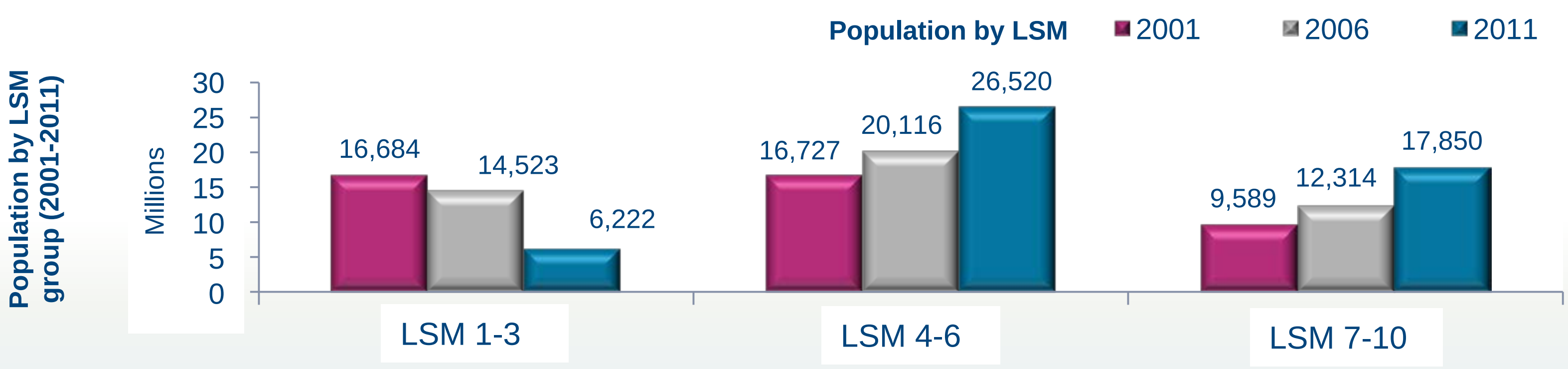
SA Distribution Gross Profit %



Prepaid Airtime and Starter-Packs







Source: South African Institute of Race Relations (2013)

Prepaid Airtime and Starter-Packs

» 61 million prepaid SIM Cards in market

» Revenue contribution by market:
- informal 85%
- formal 15%

» Investing in SA distribution channel:
- truck and foot soldier model
- visit rural areas in a structured programme
- building solid relationships
- empowering merchants
- creating jobs
- RICA and FICA capability

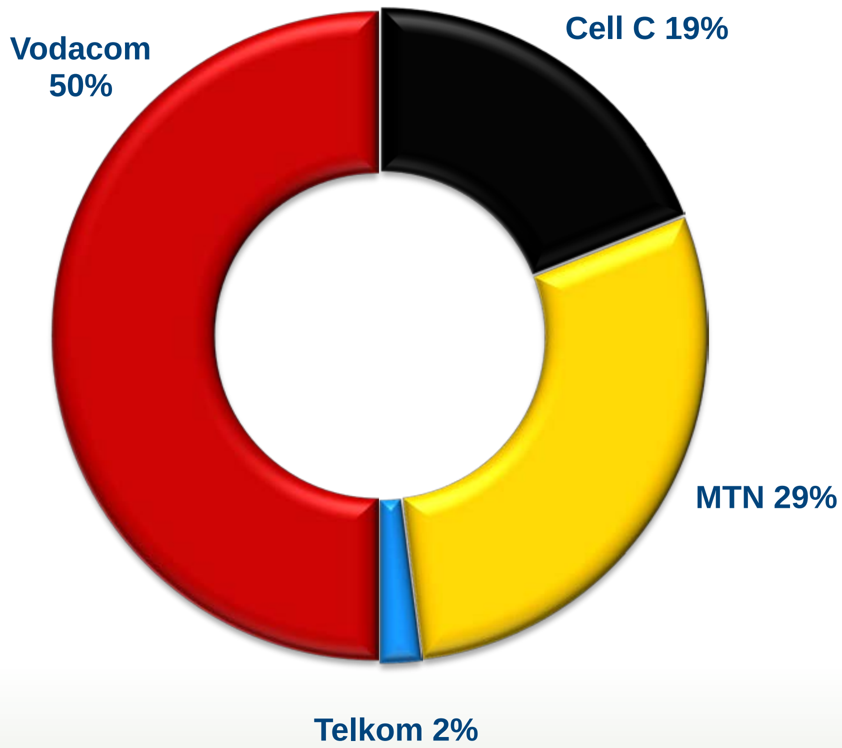
» Wholesale and retail distribution

Retail Mobile Credit Solutions

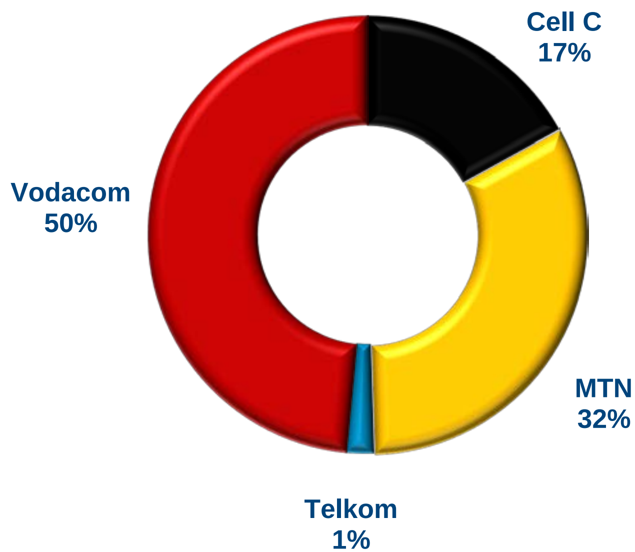
- Integration into The Post Paid Company completed
- Delivery 24/7 through virtual platform *'Over the Air'*
- Products include hybrid contracts, airtime, financial and value added services, micropayments, loyalty clubs and insurance
- Market differentiator is in utilising pre-issued retail credit facilities
  → decreasing churn and increasing revenue
- Distribution channel into well known retail brands

Rand value of outgoing Prepaid Airtime Sales per Network

December 2013 - May 2014



June - November 2013



Prepaid Electricity

Highlights | Strategy | Acquisitions | **SA Distribution** | International | Mobile, Solutions and Technology | Prospects | Financial

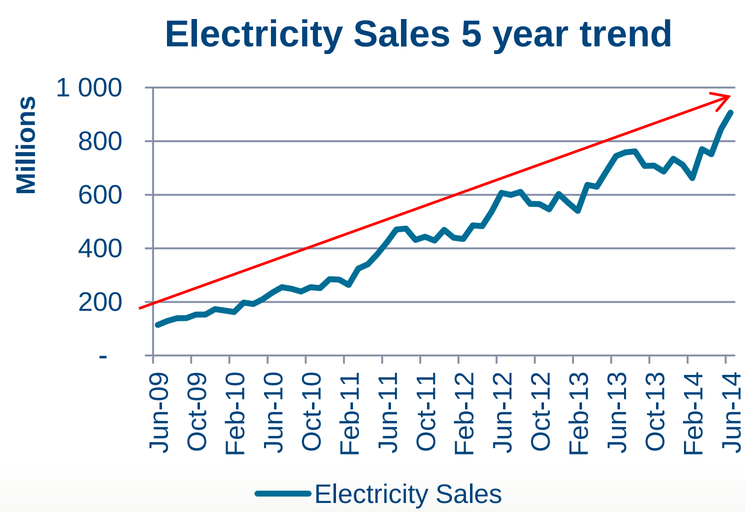
» Exponential growth continues:
- increasing number of distributor contracts with municipalities,
- increasing uptake by consumers installing prepaid residential meters,
- widespread usage of proprietary UniPIN product, both on- and off-line, and
- electrification of existing and new government housing developments

» New growth drivers emerging

» Commissions earned up 17% to R133 million

» Equates to R8.8 billion in utility sales

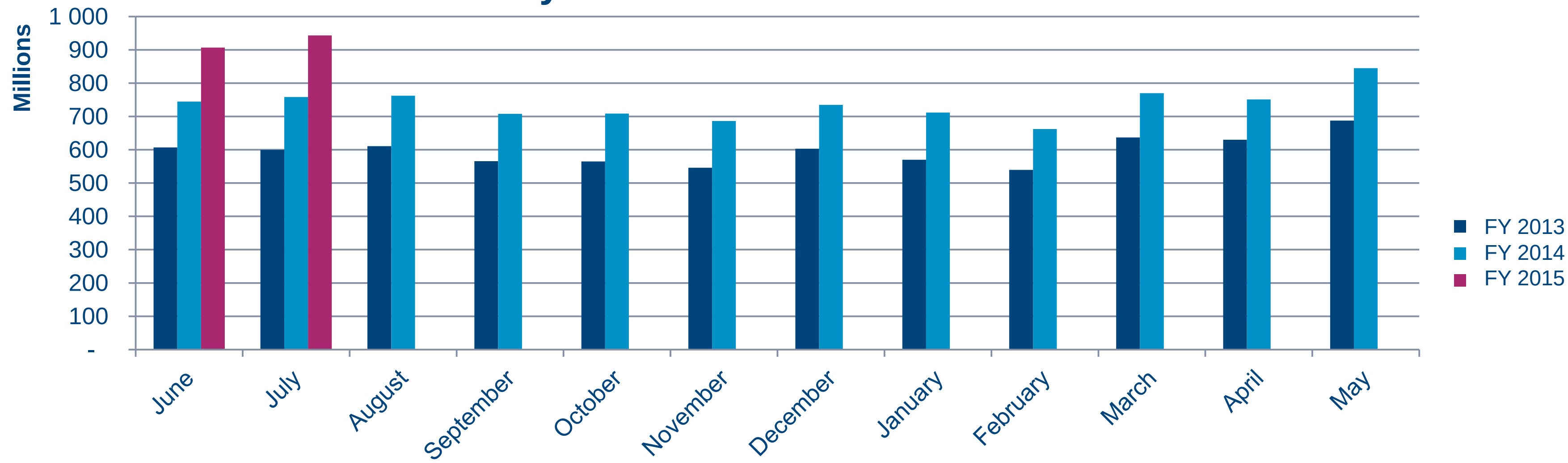
» 9 million prepaid meters installed



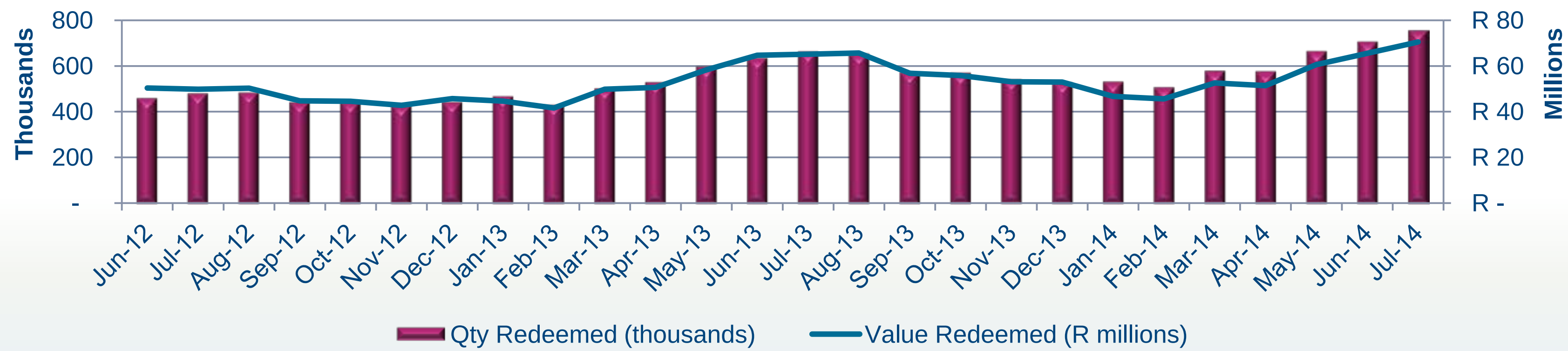
Prepaid Electricity – Revenue and UniPIN 2014

Highlights | Strategy | Acquisitions | **SA Distribution** | International | Mobile, Solutions and Technology | Prospects | Financial

Electricity sales on behalf of utilities



UniPIN Redemptions



Ticketing and Financial Services – new categories of product

» **Ticketing by ticketpro**

- transport and events - sport, entertainment, lifestyle and expo’s
- convenience of NFC, card, home-print, secure-print or till-print
- combine with loyalty and reward programmes
- enrich spectator experience
- *sports stadiums, Joburg Day, Hospice Wits Cyclethon, Monster Supercross Africa, FNB Whisky Live*

» **Financial and Value Adding Services**

- convenience and financial inclusion for un- and under-banked
- neutral aggregator and cash payment clearing house
- Bill payments, Merchant acquiring and Money transfers
- *TV licences, Multichoice subscriptions, Telkom landlines, traffic fines, municipal rates, taxes and electricity accounts, funeral policies, education fees, furniture accounts, lottery*
- upgrading POS devices to accept credit and debit cards

New Products and Services

» Internet of Things and Internet of Everything → SIM Cards for:
- smart houses, light switches, security devices, motor cars
- embedded and wearable things

» Airtime
- benefit starter packs, such as Doctor Discount
- 'Chat 4 change'
- m-pesa through Vodacom

CHAT 4 CHANGE
AIRTIME

» Advanced technology is enabling municipalities to collect arrears utilising prepaid electricity meters

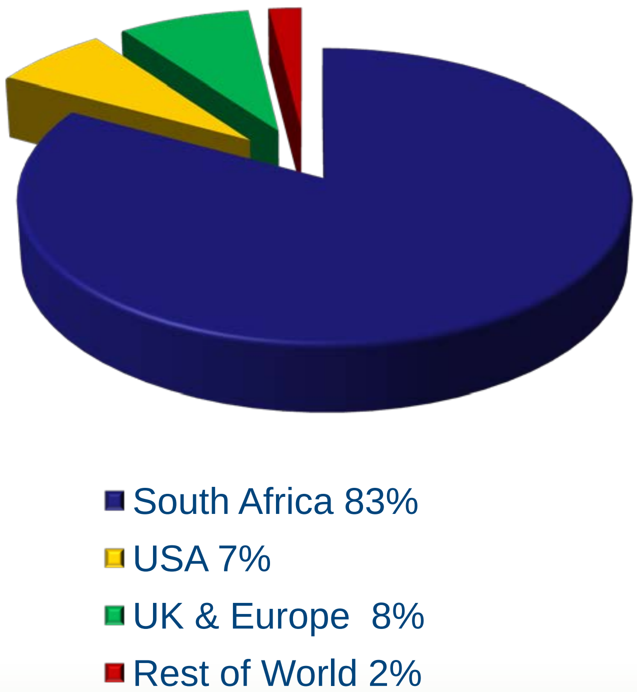
vodacom | m-pesa

» '*bonsella*' loyalty programme through Retail Engage

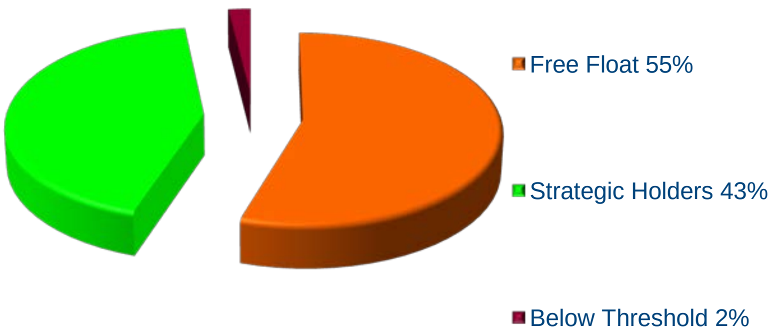
» '*Seat for Life'* subscription to Blue Bulls Rugby through ticketpro

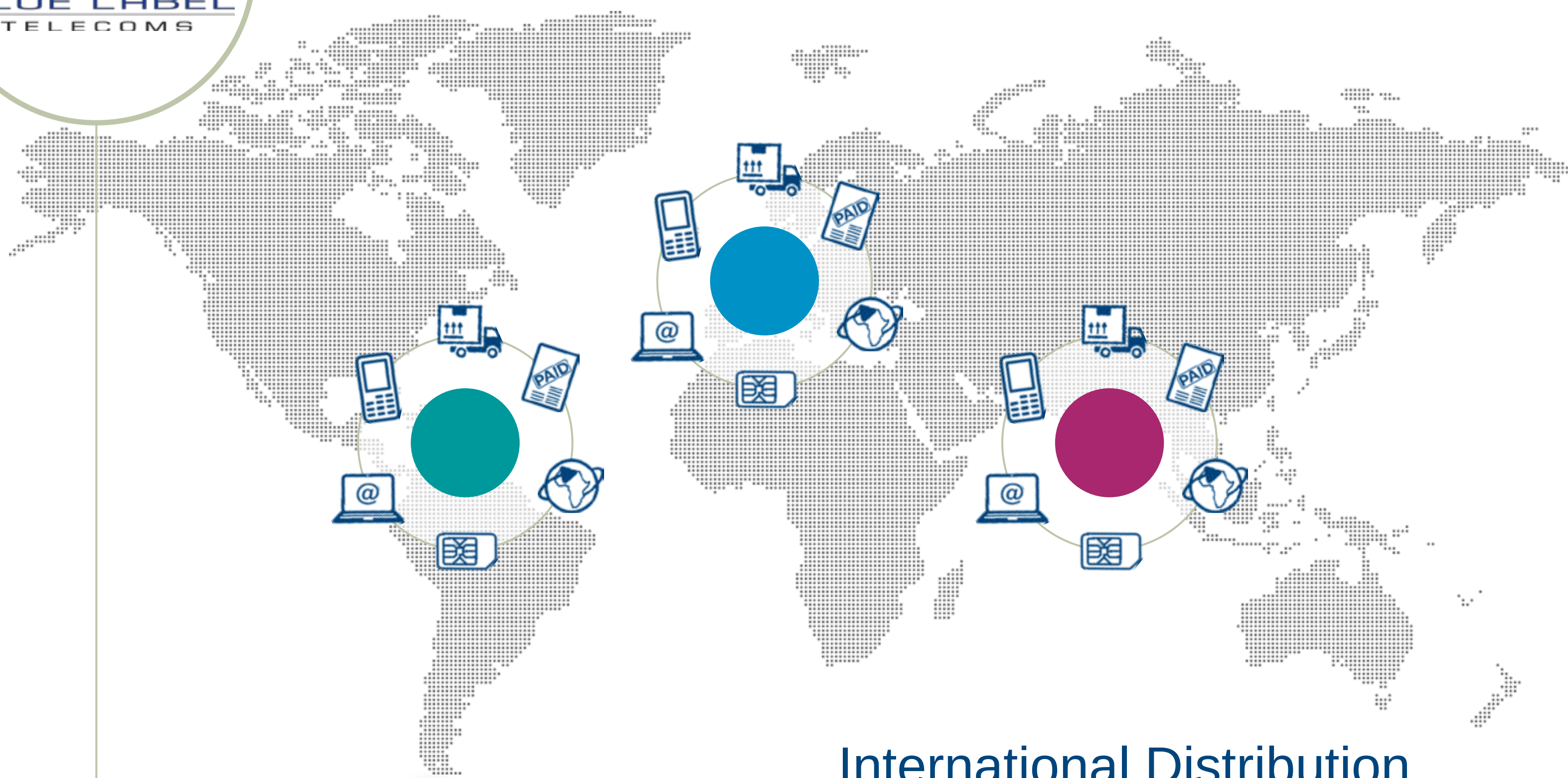
Shareholder profile

Beneficial Shareholders



Free Float





International Distribution Mobile, Solutions and Technology Prospects

Mark Levy – Joint CEO

Overview

» International strategy replicates SA business model

» Multi-Links case heading to High Court

» Investing in our distribution network

» Further catalysts for growth in Mexico

» Substantial growth in money transfers drives transition at Oxigen Services India

Ukash

- Available through 460,000 POP's in 57 countries on 6 continents
- Diversifying into new products - Money Transfer with Moneygram®, Ukash Prepaid Mastercard®, Ukash Travel Money Card
- Array of Awards:
  - Queen's Award for Enterprise in International Trade (4th year in succession)
  - the Prepaid 365 Award for the Best Prepaid Card
  - LSE's list of 1,000 Companies to inspire Britain
  - Sunday Times Tech Track 100 portfolio of the UK's fastest growing technology companies
- Revenue up 14% (reported in Sterling)
- Share of profit R14.1 million

Oxigen Services India

» Financial inclusion for un-banked and rural communities

» Building distribution network, including cash-out infrastructure

» Correspondent (Kiosk) Banking underpinned by relationships with banks – SBI and ICICI

» First non-bank wallet approved by NPCI:
- emerging growth driver for Oxigen
- direct connectivity to >60 commercial banks
- money transfers exceed $2.3 million per day

» Over 35 million transactions per month
→ revenue increases 27%

» Share of loss at R3.3 million

Blue Label Mexico

- Revenue up 43%
- Card acquiring launched with Visa and Banamex - '*Red Qiubo*' brand
- Product and services pipeline includes food vouchers, welfare and benefit payments, digital TV, direct ordering
- Over 90,000 POS terminals deployed in roll-out project
- Share of loss at R60.8 million
- Impacted by sluggish economy and fiscal reforms
- Moving to multi-carrier capabilities and SIM Card distribution

Mobile Segment

» Products and services for mobile phones

» **Cellfind - SMS and LBS services**
- ~200 million SMS's processed per month
- double opt-in effect neutral
- LBS growth – local banking and into rest of Africa
- products and services include mobile payslips, miPayslip, miStatement, Look4Me, Look4Help, MTN WhereRU, MTN 2MyAid, ER24, IdMe
- WASP Award from Vodacom

» **Blue Label Engage - customer engagement, loyalty and reward programs**
- rugby and cricket spectator sports programmes
- monitoring to enhance supporter's experience by cross- and up-selling
- NFC contactless at sports stadiums - 1st for cricket in SA

» **Via Media – content and value adding services**
- leader in creating mobile content
- ringtones, wallpapers

» Core net profit at R24.9 million.

Solutions Segment

» Contact centre marketing and data & analytical support

» **Velociti - contact centres**

- contact centre business remains challenging
- focus on cost reductions and new business development

» **Blue Label Data Solutions - data and analytical services**

- access deep database – 55 million consumers
- fraud and debt management solutions (*‘FIDS’*)

» Core net profit at R12.5 million

Technology

» Proprietary AEON, AMS and Postilion platforms entrench neutral aggregation

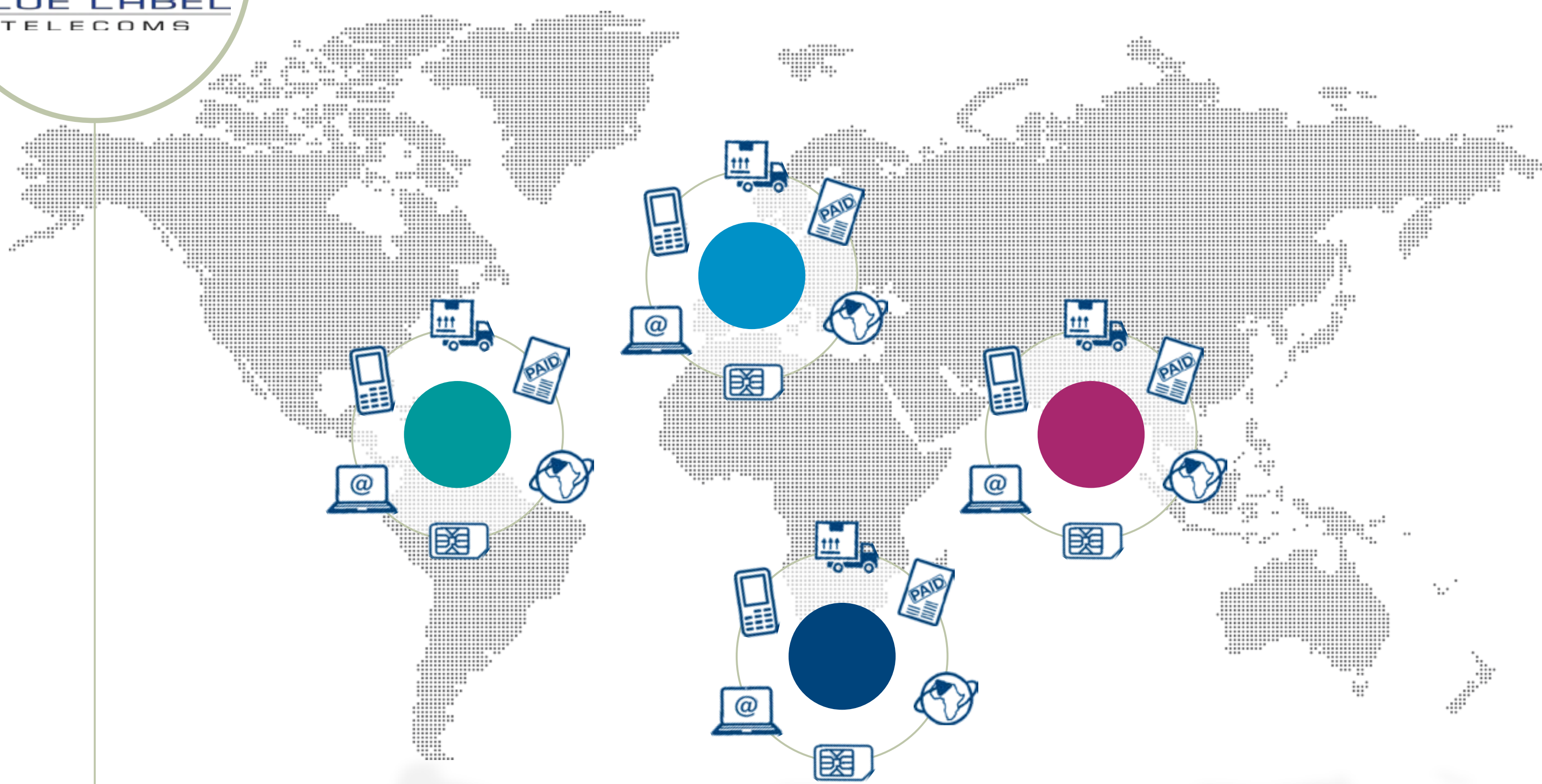
» Platforms stable as transaction volumes increase:
- >400 million per month
- ~4 million online per day at peak times
- ~80 million bulk printed vouchers distributed per month

» Transaction Junction provides robust EFT capability

» Skills focus

Prospects

- RMCS and Via Media acquisitions will enhance profitability and afford new distribution channels for Group products and services
- Positive cash flows will facilitate acquisition and trading opportunities, as well as dividend distribution
- Growth in rolling out prepaid electricity meters to continue and improve future revenue
- Growth is expected from ticketpro as its services reach a myriad of events and activities
- Our extensive distribution footprint in SA positions us well to deliver money transfers across all sectors of the economy
- Oxigen Services India's mobile wallet, offering instant money transfers, is expected to gain further momentum
- Blue Label Mexico to continue expanding footprint and increasing product and service offerings



Financial Overview

Dean Suntup – Financial Director

Highlights

Highlights | Strategy | Acquisitions | SA Distribution | International | Mobile, Solutions and Technology | Prospects | **Financial**

Revenue
Increased by 2% to R19.4 billion

Gross Profit
Increased by R78 million
(margins from 6.70% to 6.96%)

EBITDA
Increased by 10% to R788 million

Headline Earnings
Increased by 6% to R451 million

Headline EPS
Increased by 6% to 67.98 cents

Cash flows from operating activities
R907 million

Capital and Reserves
R3.5 billion

Dividend
Increased by 8% to 27c per share
(cover of 2.48 times)

Income Statement

Highlights | Strategy | Acquisitions | SA Distribution | International | Mobile, Solutions and Technology | Prospects | Financial

	FY 2014 R'000	FY 2013 R'000	Growth R'000	% Growth
Revenue	19,401,666	18,984,210	417,456	2%
Gross profit	1,349,534	1,271,245	78,289	6%
GP margins	**6.96%**	**6.70%**	**0.26%**	
Other income	26,336	12,313	14,023	114%
Overheads	(588,162)	(573,116)	(15,046)	(3%)
EBITDA	787,708	710,442	77,266	11%
Depreciation and amortisation	(63,937)	(64,543)	606	1%
EBIT	723,771	645,899	77,872	12%
Net finance (expense)/income	(10,626)	6,164	(16,790)	(272%)
Net profit before taxation	713,145	652,063	61,082	9%
Taxation	(206,698)	(197,137)	(9,561)	(5%)
Net profit after tax	506,447	454,926	51,521	11%
Minority interest	1,315	16,906	(15,591)	(92%)
Share of profits from associates	8,448	6,726	1,722	26%
Share of losses from joint ventures	(65,321)	(54,052)	(11,269)	(21%)
Headline earnings	**450,889**	**424,506**	**26,383**	**6%**

South African Distribution

Highlights | Strategy | Acquisitions | SA Distribution | International | Mobile, Solutions and Technology | Prospects | Financial

	FY 2014 R'000 Total group	FY 2014 R'000 SA Distribution	FY 2013 R'000 SA Distribution	Growth R'000 SA Distribution	% Growth
Revenue	**19,401,666**	19,103,652	18,712,080	391,572	2%
Gross profit	**1,349,534**	1,180,376	1,121,747	58,629	5%
Gross profit %	**6.96%**	6.18%	5.99%		
Gross profit % excluding IFRS	**6.74%**	5.97%	5.90%		
Overheads	**(588,162)**	(361 889)	(331 023)	(30,866)	(9%)
EBITDA	**787,708**	821,310	796,439	24,871	3%
EBITDA Margins	**4.06%**	4.30%	4.26%		

- Commissions earned on electricity increased by 17% to R133m (2013: R113m). Gross revenue – R8.8bn (2013: R7.2bn)
- PINless top up revenue increased from R997m to R1.7 billion. Only the commission earned is accounted for in group revenue. Effective growth in revenue equated to 6%.

Income Statement

BLUE LABEL TELECOMS

Highlights | Strategy | Acquisitions | SA Distribution | International | Mobile, Solutions and Technology | Prospects | **Financial**

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Associates

	FY 2014 R'000	FY 2013 R'000	Growth R'000	% Growth
Share of profits/(losses) from associates	**8,448**	**6,726**	**1,722**	**26%**
- Ukash	14,089	7,291	6,798	93%
- Oxigen Services India	(3,259)	(565)	(2,694)	(477%)
- Other	(2,382)	-	(2,382)	-

- Ukash *
  - Revenues increased by 14%
  - Gross profit increased by 20%
  - EBITDA increased by 7%
- India
  - Revenue increased by 27%, operating expenses increased by 12% resulting in a decline in EBITDA.
  - Money transfer services currently transacting at $2.3 million per day, and increasing exponentially.

** As reported in its local currency*

Income Statement

BLUE LABEL TELECOMS

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Joint Ventures

	FY 2014 R'000	FY 2013 R'000	Growth R'000
Share of losses from joint ventures	**(65,321)**	**(54,052)**	**(11,269)**
- Blue Label Mexico	(60,844)	(51,124)	(9,720)
- Other	(4,477)	(2,928)	(1,549)

- Blue Label Mexico
  - Increases in expenditure and depreciation in line with strategy to enhance its footprint and product and services offerings.

Income Statement

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Headline earnings	**450,889**	**424,506**	**26,383**	**6%**
Net headline earnings adjustments	(659)	335	(994)	(297%)
Net profit attributable to equity holders of parent	**450,230**	**424,841**	**25,389**	**6%**
Core intangible adjustment	10,372	12,675	(2,303)	(18%)
Core net profit	**460,602**	**437,516**	**23,086**	**5%**
Earnings per share (cents)	67.88	64.22		6%
Headline earnings per share (cents)	67.98	64.17		6%
Core earnings per share (cents)	69.44	66.13		5%

Balance Sheet

Summarised Group Statement of Financial Position as at 31 May	FY 2014 R'000	FY 2013 R'000
Non- current assets	**1,798,307**	**1,340,410**
Property, plant and equipment	97,200	88,125
Intangible assets and goodwill	1,005,934	706,018
Investment in associates and joint ventures	598,109	524,162
Other non-current assets	97,064	22,105
Current assets	**4,704,580**	**4,380,137**
Inventories	1,306,206	1,858,511
Trade and other receivables	2,181,973	1,539,365
Other current assets	32,270	40,979
Cash and cash equivalents	1,184,131	941,282
Total assets	**6,502,887**	**5,720,547**
Capital and reserves	**3,523,989**	**3,242,853**
Share capital, share premium and treasury shares	3,945,832	3,939,891
Other reserves	(2,644,528)	(2,638,120)
Retained earnings	2,222,685	1,941,082
Non-current liabilities	**92,400**	**11,942**
Current liabilities	**2,886,498**	**2,465,752**
Trade and other payables	2,818,898	2,393,222
Other current liabilities	67,600	72,530
Total equity and liabilities	**6,502,887**	**5,720,547**

- Increase in intangible assets and goodwill
  - –RMCS R310m
  - –Distribution channel R84m
  - –Amortisation R95m
- R89m further capital contribution to Blue Label Mexico.
- Bulk purchases resulting in 26 days stock turn.
- Debtors Collections – 40 days
- Creditors Payments – 55 days

Cash Flow

Highlights | Strategy | Acquisitions | SA Distribution | International | Mobile, Solutions and Technology | Prospects | **Financial**

Summarised Group Statement of Cash Flows as at 31 May	FY 2014 R'000	FY 2013 R'000
Cash generated by operations	**1,129,008**	**(257,384)**
Interest received	24,613	35,806
Interest paid	(22,751)	(23,709)
Taxation paid	(223,538)	(194,507)
Cash flows from operating activities	**907,332**	**(439,794)**
Cash flows from investing activities	**(467,220)**	**(406,336)**
Cash flows from financing activities	**(196,892)**	**(188,066)**
Increase/(Decrease) in cash and cash equivalents	**243,220**	**(1,034,196)**
Cash and cash equivalents at the beginning of the year	941,282	1,975,242
Translation difference	(371)	236
Cash and cash equivalents at the end of the year	**1,184,131**	**941,282**

Investing Activities

- Capex R46m
- Acquisition of RMCS – R273m net of cash acquired
- Capital injected into Blue Label Mexico – R86m
- Acquisition of distribution agreement – R84m

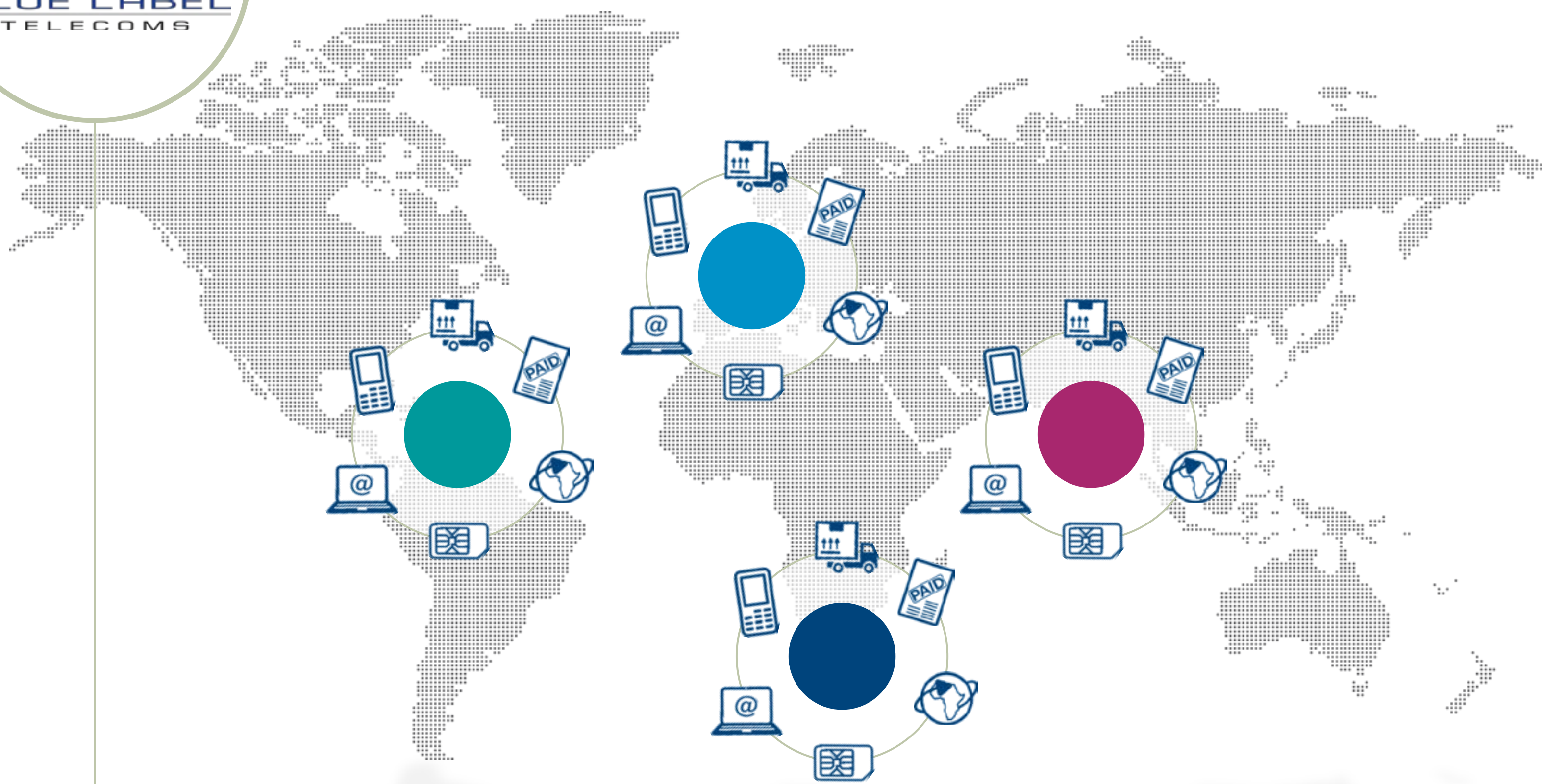
Financing Activities

- Dividend payment – R169m

Dividend of **27 cents** per share declared

Cover of **2.48 times**

BLUE LABEL
TELECOMS



Q&A

Thank You

August 2014