

Blue Label Telecoms Interim Results Presentation



BLUE LABEL
TELECOMS

for the period ended 30 November 2008



International Operations and Strategic Overview



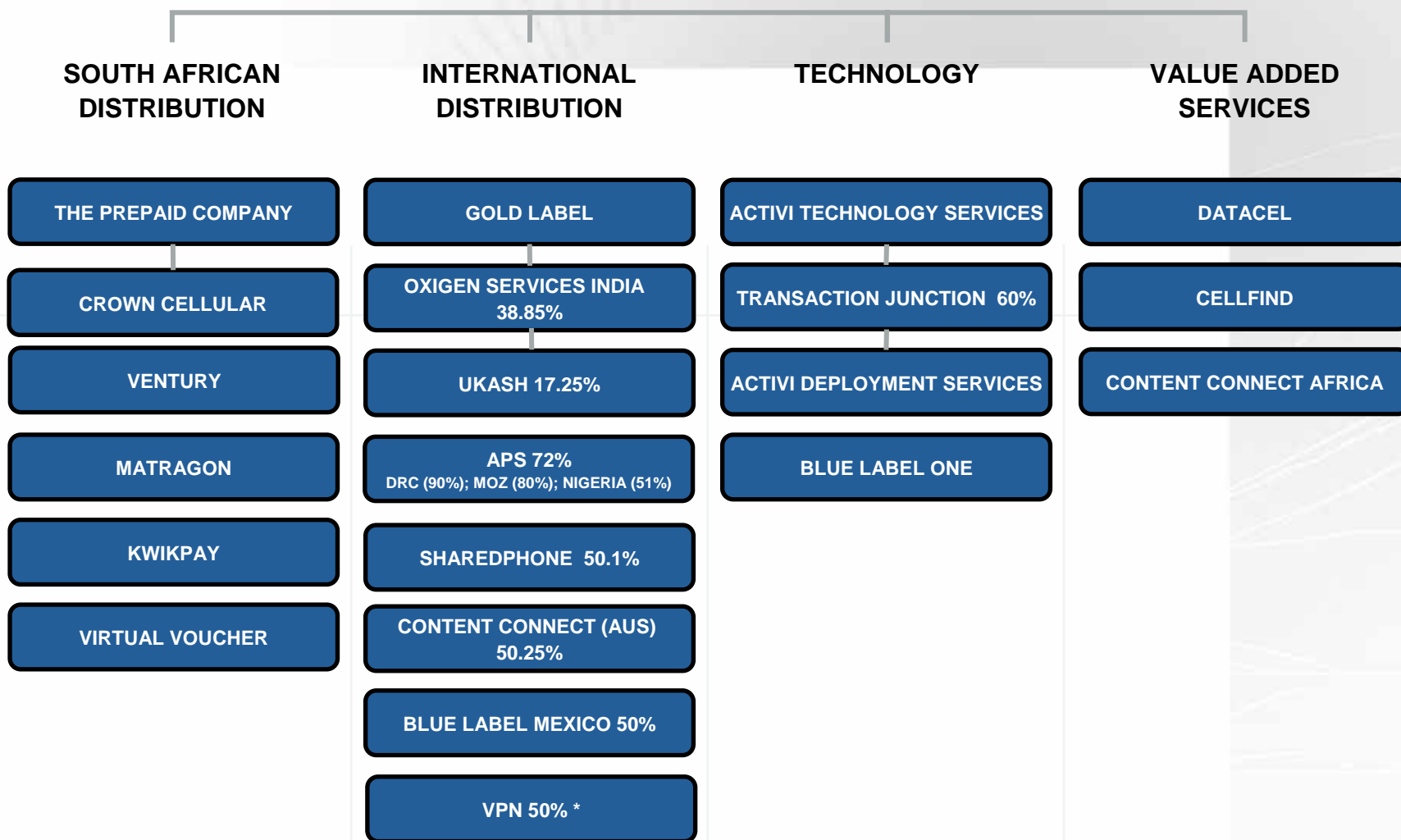
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by Mark Levy, Joint CEO





Group Structure



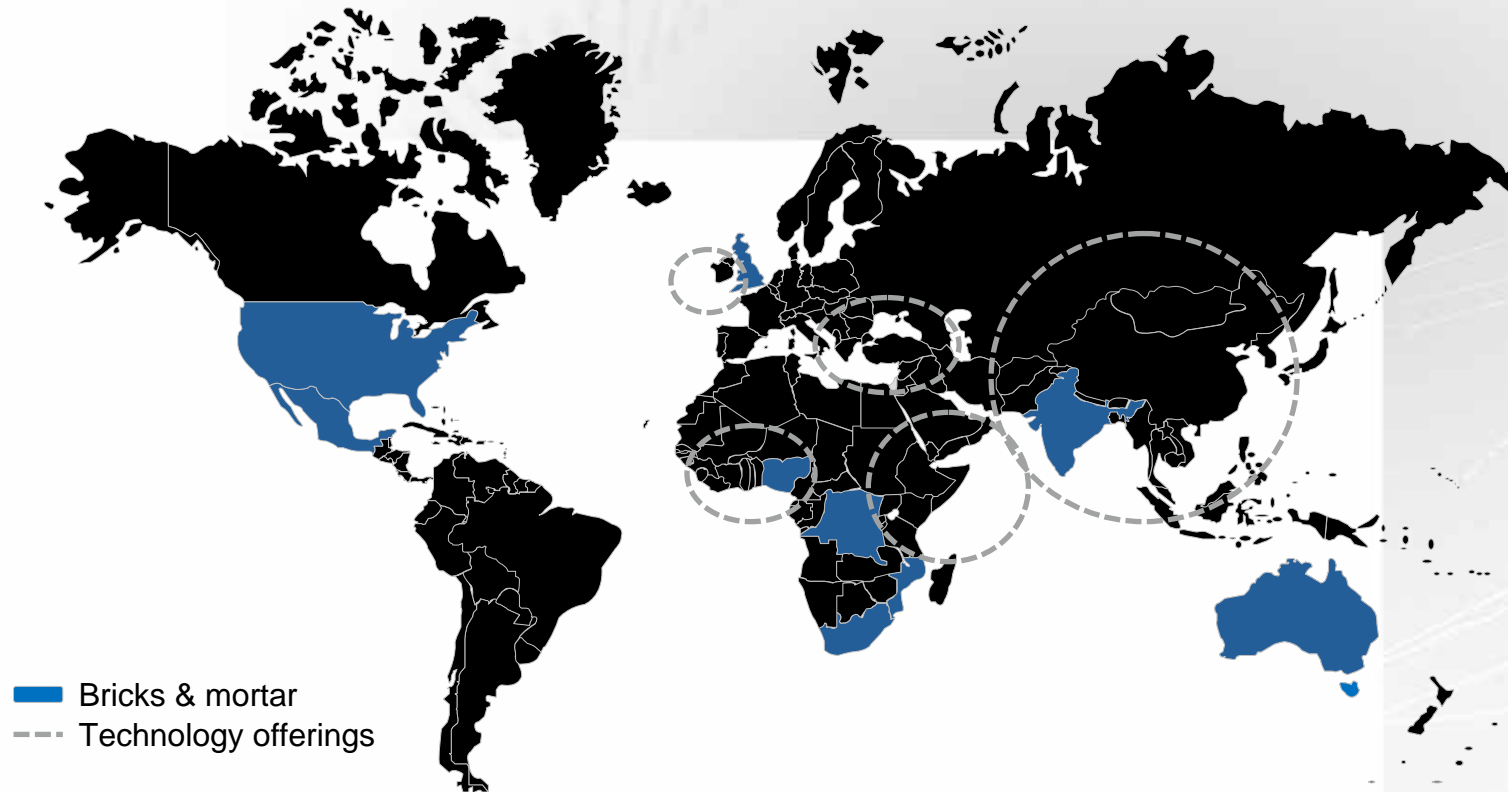
100% unless otherwise stated

* Acquired subsequent to period under review



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Growing the Global Footprint



Two strategies for international expansion:

- Bricks and Mortar
- Technology Offerings

BLT is focused on servicing the unbanked and badly banked market by providing access to cost effective transactional services



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Oxigen India

Consolidation of the retail base

Steady growth this past 6 months with 1,200 net POS addition per month

An increase of 400 new Web vending sites per month

Oxicash

Number of wallets continued to grow steadily with a total of just under 600,000 wallets created by the end of December



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Oxigen India

Outlook

Growth of POS sites will continue into the forthcoming year together with technology enhancements to accommodate new products, services and business processes, which necessitated continued CAPEX investment and short term trading losses

OxiCash to grow its user base during 2009 with emphasis on profitable core products and services

Consolidation within the company has commenced – emphasis business improvements and methodologies



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Oxigen India

New Products and Services

Rail ticketing – contract and pilot to issue reserved (on exclusive basis) due to commence Q1 2009 and the issuing of non-reserved tickets commenced in December

In addition to the sale of PINs - Direct top-up or e-recharge agreements have been signed with the majority of the Mobile Operators and sales to commence Q1 2009

Toll coupons – initially launched with Gurgaon Toll plaza in Delhi – looking to other toll opportunities

ICICI Lombard – General Insurance – focus on motorbikes and automotive insurance

Current Indian mobile subscriber base is in excess of 267million subscribers

Accounting for 30% penetration of the Indian market, with a potential per annum growth rate of 27.5%



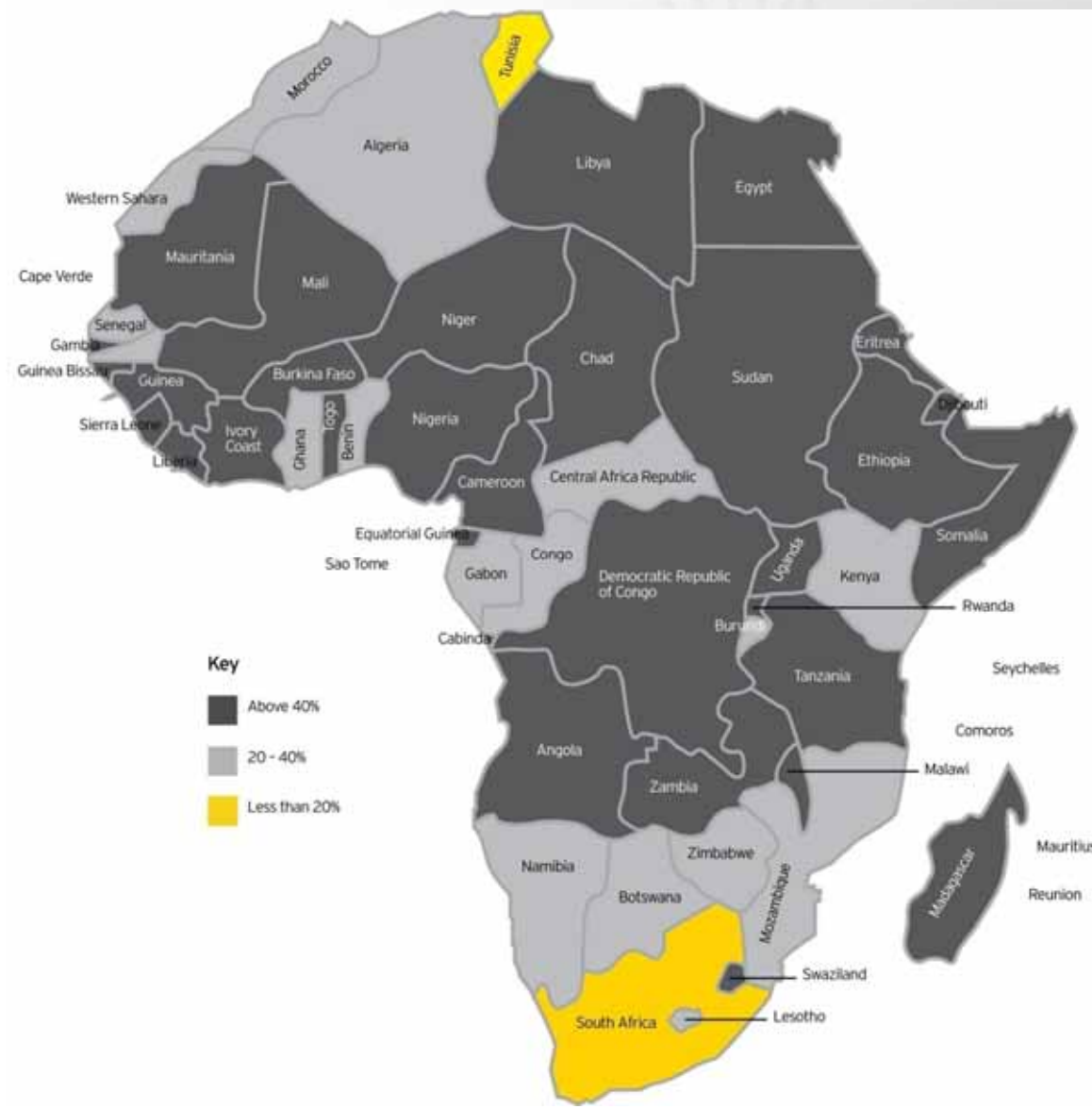
African Market

The Market in Africa has a lower penetration rate, leading to higher opportunities for growth

| Developed | | Emerging | | Virgin | |
|--|--------------|--|---------------------|---|------------|
| Over 50% penetration: Lower mobile net additions | | 20 to 49% penetration: Highest net additions per month | | Less than 20% penetration: Highly regulated or politically unstable markets | |
| Algeria | Mauritius | Angola | Liberia | Burkina Faso | Eritrea |
| Botswana | Morocco | Benin | Mali | Burundi | Ethiopia |
| Gabon | Namibia | Cameroon | Nigeria | Central African Republic | Madagascar |
| Lybia | Seychelles | Congo | Sao Tome & Principe | Chad | Malawi |
| Mauritania | South Africa | Egypt | Senegal | Comoros | Mozambique |
| | Tunisia | Equatorial Guinea | Sierra Leone | Djibouti | Niger |
| | | Gambia | Sudan | DRC | Rwanda |
| | | Ghana | Swaziland | | Somalia |
| | | Guinea Republic | Tanzania | | Zimbabwe |
| | | Guinea-Bissau | Togo | | |
| | | Ivory Coast | Uganda | | |
| | | Kenya | Zambia | | |
| | | Lesotho | | | |



African Mobile Markets



African Penetration

Plenty of mobile growth to come
Penetration stood at 36% at September 2008 and is expected to reach 58% by 2012

Prepaid continues to dominate...
Prepaid accounts for 96% of mobile connections at Q2 2008, compared with 90% at Q2 2003



Africa Prepaid Services - Mozambique

Group took a strategic decision in August to expand its current distribution footprint

Cash generating assets increased – motor vehicles and bikes

An additional five new branches became fully operational

Expansion is expected to result in improved brand awareness and increased cash flow generation, with a positive effect in Vodacom incentives revenue

The implementation was a success and it was completed by the 2nd of December

Sustainable economic growth has assisted APS to strengthen its market opportunities

APS MOZ remains Vodacom Mozambique's leading super dealer

The current subscriber base is 4.8 million, accounting for 15.5% penetration of the market

Africa Prepaid Services – Democratic Republic of Congo



Total number of gross SIM card connections for the period surpassed 800,000

Connected an additional 192,127 new SIM card connections with positive effect on our revenue

Implementation of the WASP (Wireless Application Service Provider) and VAS (Value Added Services) division within the company

The current subscriber base is 5.73 million, accounting for 9.9% penetration of the market

Africa Prepaid Services – Nigeria

APS recently signed a Service Provider agreement with MultiLinks Telkom in Nigeria to provide all mobile distribution and value added services to this CDMA operator

Included assuming all current distribution on behalf MultiLinks Telkom to all existing channels throughout Nigeria

Operations scheduled to commence in March 2009

Business activities shall include our traditional starter pack and airtime distribution as well as all other Blue Label product and service offerings suitable to the Nigerian telecoms market

2008 saw Nigeria overtake South Africa as the largest mobile market on the continent

Blue Label Mexico



All technology, infrastructure and resource requirements are in place

Live pilot commenced February 2009

Agreements for the distribution of Mobile Operator prepaid airtime have been signed and backend integration completed

Signed Public Telephony contract with Telefonica for 2,000 unit trial

Signed contracts with Public Transport department and retail for all trial Public Telephony units

Initial deployment of point of sale devices – take up is in excess of 500 point of sales sites anticipated by April 2009 with a further 4,500 forecast for the period immediately following

Integration to multiple channel retail has commenced and to be implemented by May 2009, anticipated to open a multitude of multi-lane retail environments

The current Mexican subscriber base is 76 million, accounting for 43% penetration of the market, with a potential per annum growth rate of 22%



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Virtual Prepaid Network – USA

“Virtualising” existing relationships within the International Calling Card business servicing migrant and transient immigrants within all major centres of the USA

Given the emergent prepaid segment in USA telecoms market – VPN will be introducing prepaid mobile telephony to these sectors

The implementation of Blue Label Technology and the provision of different POS device types to fulfil all types of retail environments and requirements

To build the capacity to convert up to 200,000 points of presence to electronic distribution and to add additional new sites within all convenience environments

The introduction of other Blue Label related value added services such as mibli and Ukash to an entirely new distribution infrastructure with new touch points

Domestic telecom card revenues in North America expected to climb to \$2.75bn in 2008; international card revenues from US estimated to reach \$5.5bn over same period

Ukash



Developed and distributes proprietary electronic PIN's by digitising cash

Enables simple, safe and private redemption for online product and services

Intellectual property owned and patented by Ukash

Patent covers the conversion of cash into electronic token of value and provides protection globally

BLT acquired a 17.25% stake with an option to acquire a further 32.75%

ACTIVI
TECHNOLOGY SERVICES **STRATEGY**

Develop commercially viable and functionally rich transaction engines

Provide stable and robust platforms, and support thereof

Optimise technology investment

Standardise deployments - processes, templates and methodologies

Retain and develop skills

Microsoft



BLT's products and services are currently being integrated into Microsoft's mobile and advertising service platforms

2009 roll out into emerging and developing markets through the Microsoft vehicle, Unlimited Potential Group (UPG) and BLT's global partners

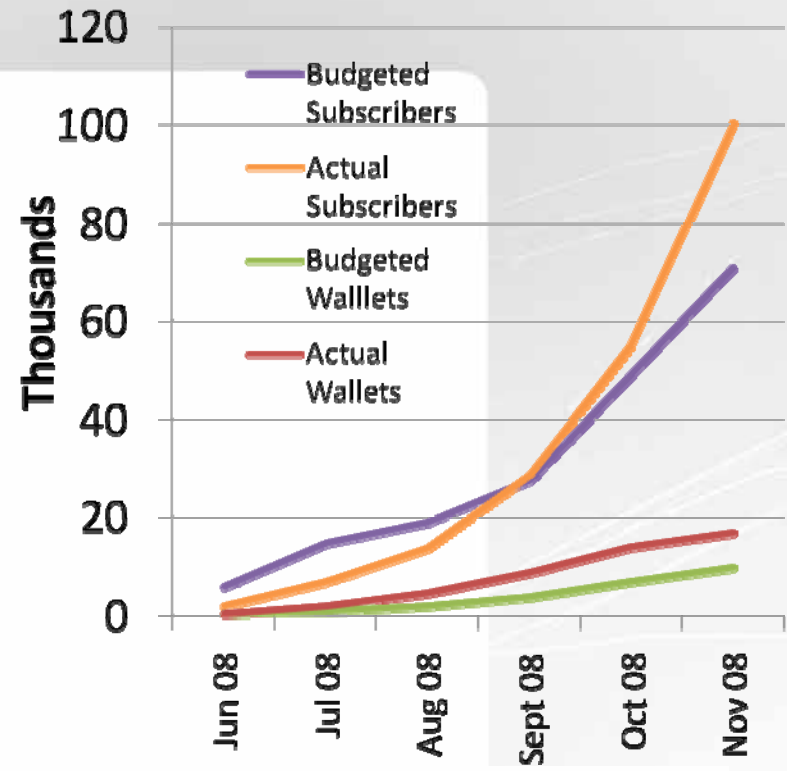
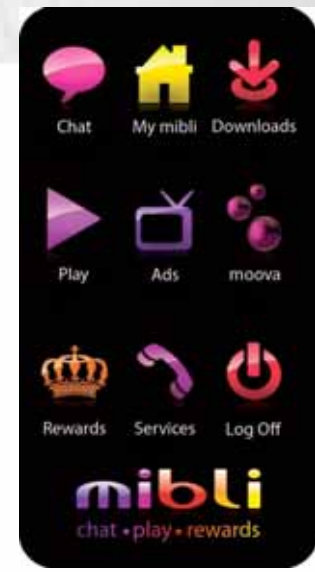
Translates into the monetisation of mobile and POS advertising in these markets



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The Mobile Services Company

- MSC launched mibli™ in June '08
- On-device portal to services, products & mobi-wallet
- Supported by MSC and Activi AEON back-end systems
- Launch of moova subscription service
- Partnership with Microsoft USA
- Key drivers:
 - Maturity of the market
 - Demographics of user base
 - WASPA regulations
 - Economics of consumer spending patterns
 - Discounts offered on content and airtime
- Future:
 - Growth of mibli™ userbase internationally
 - Extension of MSC services to communities
 - Expansion of moova subscriptions
 - Enhancement of products & services on mibli™
 - Provision of mobi-wallet services to 3rd parties



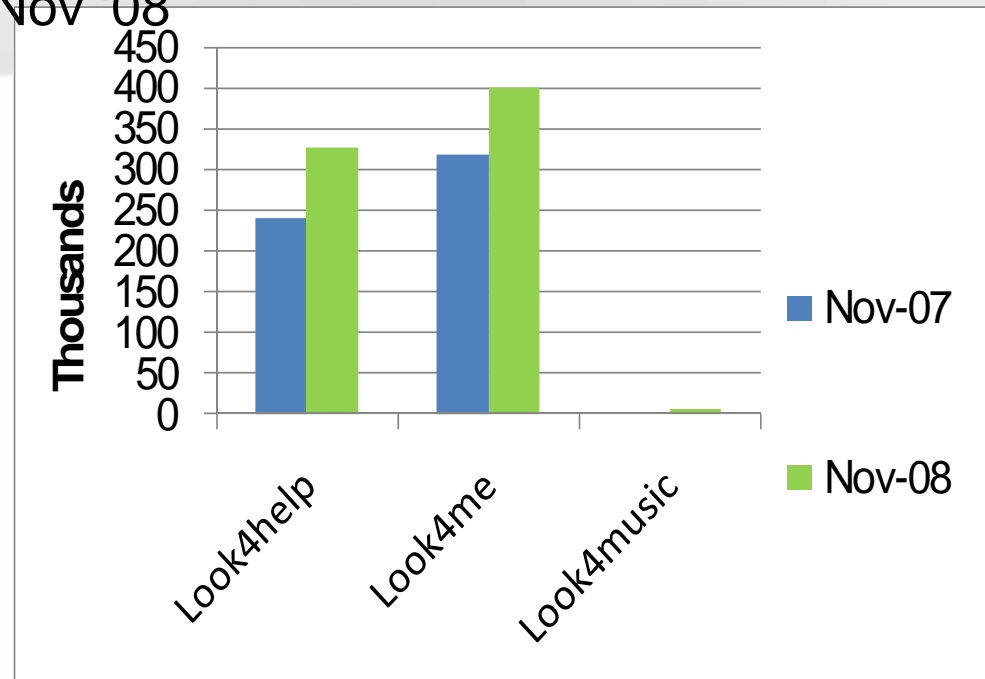
the Mobile Services Co
The world in your hand

Cellfind

- Location-Based Services (LBS)
 - Vodacom
 - MTN
- WASP Services
 - SMS, MMS, USSD, WAP
 - Network billing etc.
- Key drivers:
 - Network Operator performance & co-marketing
 - Uptake of new MTN services
 - New Value-added LBS products
 - Extended WASP service offerings
- Future:
 - Significant growth prospects for newly launched MTN 2MyAid and MTN WhereRU over the next 12-18 months
 - Corporate offerings with lower churn
 - Look4info –corporate and consumer LBS-based information service to be launched 1Q2009
 - Look4traffic –provision of real-time traffic flow - estimated go-live date 2Q2009.
 - Note Look4music launched Oct 08’ – potential being evaluated



Total Cellfind Subscribers – Nov 07 vs Nov '08

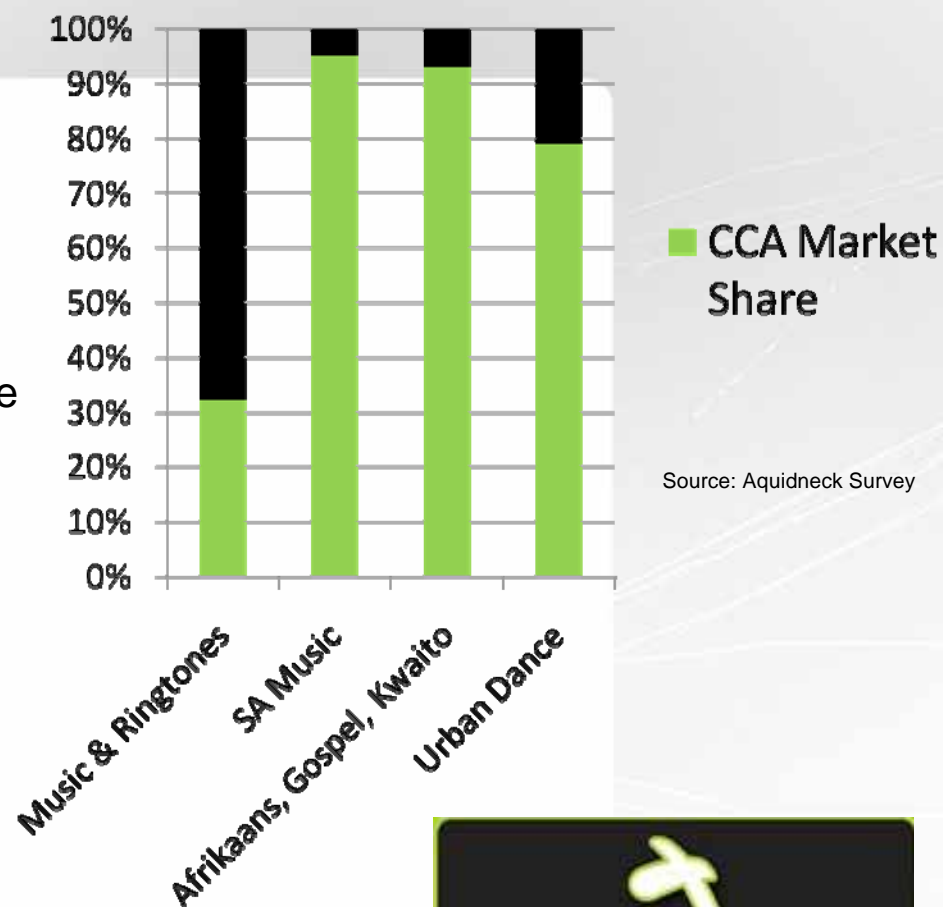




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Content Connect Africa

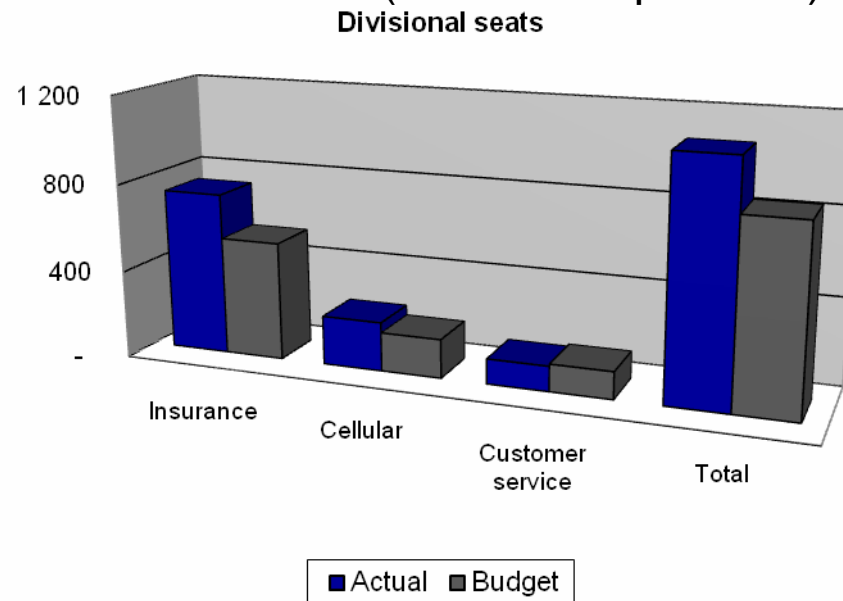
- Digital Content Aggregators for Mobile
- Dominant player for South African & African independent content
- Key content aggregators for:
 - MTN
 - Vodacom
- Key drivers:
 - Large number of rich media phones in the market (7M new in SA in 2008)
 - Decreasing bandwidth costs
 - Move to more expensive full tracks and ringbacktones
- Future:
 - Integrated offerings with The Mobile Services Company & Cellfind
 - Increased interest in South African and African artists
 - Increased consumption of music on handsets



Datacel



- National business process outsourcing company (BPO) operating call centre seats:
 - Outbound insurance, cellular and other
 - Inbound customer care, technical support & VAP sales
- The group has extended its value chain with the acquisition of Datacel Data Services, which primarily services the data requirements of the internal call centers, as well as Answers Direct (outbound specialist)



Financial Overview



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by David Rivkind, CFO





Financial Highlights

| | | Actual Growth |
|--------------------------------------|-------------|---------------|
| Revenue | R7,5bn | 31% |
| EBITDA | R296m | 168 |
| Operating Profit | R250m | 173 |
| NPAT | R198m | 1273 |
| Core Earnings | R216m | 154 |
| Headline Earnings Per Share | 26.06 cents | 588 |
| Cash Flows from Operating Activities | R421m | 197 |



Financial Overview

Income Statement

| | 30 November 2008 Actual Reviewed R '000 | 30 November 2007 Core pro forma Unaudited R '000 | Growth |
|---|--|---|------------|
| Revenue | 7 573 458 | 6 174 559 | 23% |
| Cost of inventories sold | (7 049 489) | (5 807 484) | |
| Gross profit | 523 969 | 367 076 | 43% |
| Gross profit % | 6.92% | 5.94% | 16% |
| Other income | 25 226 | 22 268 | |
| Overheads | (253 599) | (158 802) | |
| EBITDA | 295 596 | 230 542 | 28% |
| EBITDA % | 3.90% | 3.73% | 5% |
| Depreciation, amortisation and impairment charges | (45 377) | (33 934) | |
| Operating profit | 250 219 | 196 608 | 27% |
| Net finance income | 53 739 | 52 481 | |
| Finance income | 103 858 | 104 623 | |
| Finance expense | (50 119) | (52 142) | |
| Net profit before taxation | 303 958 | 249 089 | |
| Taxation | (90 186) | (76 461) | |
| Net profit after taxation | 213 772 | 172 628 | 24% |
| Share of loss of associates | (14 082) | (6 573) | |
| Minority interest | (1 532) | (1 182) | |
| Net profit after taxation and minority interest | 198 158 | 164 873 | |
| Amortisation on intangibles raised through business combinations net of tax | 17 768 | 15 834 | |
| Core net profit after taxation | 215 926 | 180 707 | 20% |
| Earnings per share for profit attributable to equity holders (cents) | | | |
| - Basic | 25.86 | 21.51 | 20% |
| - Headline | 26.06 | 21.68 | 20% |



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Financial Overview

Segmental Profile

South African distribution

International distribution

Technology

Value added services



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Financial Overview

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|----------------------------|--|--|------------|
| Revenue | 7 573 458 | 6 174 559 | 23% |
| Segmental revenue | | | |
| South African distribution | 7 088 140 | 5 856 657 | 21% |
| International distribution | 282 944 | 212 387 | 33% |
| Value added services | 192 074 | 90 549 | 112% |
| Technology | 10 300 | 14 966 | (31%) |
| Total | 7 573 458 | 6 174 559 | 23% |

| | % Contribution | |
|----------------------------|----------------|------------|
| South African distribution | 93.6 | 94.8 |
| International distribution | 3.7 | 3.5 |
| Value added services | 2.6 | 1.5 |
| Technology | 0.1 | 0.2 |
| Total | 100 | 100 |



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Segmental gross profit

| | | |
|----------------------------|----------------|----------------|
| South African distribution | 392 158 | 286 117 |
| International distribution | 36 628 | 25 160 |
| Value added services | 87 479 | 43 303 |
| Technology | 7 704 | 12 496 |
| Total | 523 969 | 367 076 |

Gross profit %

| | | |
|----------------------------|-------------|-------------|
| South African distribution | 5.53 | 4.88 |
| International distribution | 12.95 | 11.85 |
| Value added services | 45.54 | 47.82 |
| Technology | 74.80 | 83.49 |
| Total | 6.92 | 5.94 |



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Financial Overview

Income Statement

| | 30 November 2008 Actual Reviewed | 30 November 2007 Core <i>pro forma</i> Unaudited | Growth |
|--|--|--|--------|
|--|--|--|--------|

| Segmental EBITDA margins | EBITDA margin % | | |
|---------------------------------|-----------------|----------------|------------|
| South African distribution | 4.19 | 3.58 | |
| International distribution | 6.65 | 5.81 | |
| Value added services | 24.56 | 25.87 | |
| Total trading operations | 4.80 | 3.99 | |
| EBITDA | 295 596 | 230 542 | 28% |
| EBITDA % | 3.90% | 3.73% | 5% |

| | | | |
|---------------------------------|-----------------|-----------------|------------|
| Segmental EBITDA | | | |
| South African distribution | 296 965 | 209 575 | 42% |
| International distribution | 18 823 | 12 349 | 52% |
| Value added services | 47 176 | 23 434 | 101% |
| Total trading operations | 362 964 | 245 358 | 48% |
| Technology | (22 114) | 344 | |
| Corporate | (45 254) | (15 161) | |
| Total support | (67 368) | (14 817) | |
| Total | 295 596 | 230 541 | 28% |



Financial Overview

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| Operating profit | 250 219 | 196 608 | 27% |
| Net finance income | 53 739 | 52 481 | |
| Finance income | 103 858 | 104 623 | |

- South African distribution earned finance income of R104m (R104.6m in prior period)
- Imputed interest receivable on debtor balances – R14m (R6m in prior period)
- Interest on liquid working capital – R90m
- Decline in finance income of R9.6m net of this IFRS adjustment
- Decrease due to application of R293m to piecemeal investments



Financial Overview

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| Net finance income | 53 739 | 52 481 | |
| Finance income | 103 858 | 104 623 | |
| Finance expense | (50 119) | (52 142) | |

- R48m relates to imputed interest payable on creditors' balances in terms of IFRS (R49m in prior period)



Financial Overview

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| Net profit before taxation | 303 958 | 249 089 | |
| Taxation | (90 186) | (76 461) | |
| Net profit after taxation | 213 772 | 172 628 | 24% |
| Share of loss of associates | (14 082) | (6 573) | |
| Oxygen Services India Pvt Ltd | (14,285) | (6,573) | (117%) |
| Smart Voucher Limited (Ukash) | (195) | - | - |
| Other | 398 | - | - |
| Total | (14,082) | (6,573) | (114%) |



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Financial Overview

Income Statement

| | 30 November 2008 Actual Reviewed R '000 | 30 November 2007 Core pro forma Unaudited R '000 | Growth |
|--|--|---|--------|
|--|--|---|--------|

Segmental core earnings

| | | | |
|---------------------------------------|----------------|----------------|---------------|
| South African distribution | 260 857 | 180 741 | 80 116 |
| International distribution | 8 714 | 4 798 | 3 916 |
| International distribution associates | (14 480) | (6 573) | (7 907) |
| Value added services | 31 787 | 16 170 | 15 617 |
| Total operations | 286 878 | 195 136 | 91 742 |

| | | | |
|----------------------|-----------------|-----------------|-----------------|
| Technology | (24 036) | (1 407) | (22 629) |
| Corporate | (46 917) | (13 022) | (33 895) |
| Total support | (70 953) | (14 429) | (56 524) |

| | | | |
|--------------------------------|----------------|----------------|---------------|
| Total | 215 925 | 180 707 | 35 218 |
| Core earnings per share | 28.18c | 23.58c | 4.60c |

| | | | |
|---|----------------|----------------|------------|
| Core net profit after taxation | 215 926 | 180 707 | 20% |
| Earnings per share for profit attributable to equity holders (cents) | | | |
| - Basic | 25.86 | 21.51 | 20% |
| - Headline | 26.06 | 21.68 | 20% |



Financial Overview

Balance Sheet

| | Reviewed Actual | Audited Actual |
|---|---------------------|-------------------|
| | 30 November 2008 | 31 May 2008 |
| | R '000 | R' 000 |
| ASSETS | | |
| Non-current assets ⁽²⁾ | 773 425 | 712 759 |
| Property, plant & equipment | 96 102 | 69 484 |
| Intangible assets | 474 807 | 489 786 |
| Financial assets at amortised cost | 59 811 | 72 133 |
| Investment in associates & joint ventures | 142 705 | 81 356 |
| Current assets ⁽³⁾ | 2 858 880 | 2 509 420 |
| Inventories | 388 259 | 484 501 |
| Financial assets at fair value | 305 | 5,672 |
| Loans receivable | 21 621 | 7 103 |
| Financial assets at amortised cost | 61 085 | 53 163 |
| Trade and other receivables | 711 361 | 630 687 |
| Cash and cash equivalents | 1 676 249 | 1 328 294 |
| Total assets ⁽¹⁾ | 3 632 305 | 3 222 179 |

1. Total assets

- Increased by R410m (12.73%) to R3.6bn

2. Non-current assets

- Net increase was R60.7m
- Increase in property, plant & equipment of R26.7m
- Net decrease in intangible assets of R15m due to amortisation
- Increase in investment in associates of R61.3m
- Net decrease in unactivated starter packs of R12.3m

3. Current assets

- Current assets increased by R349.4m
- Largely due to growth in cash and cash equivalents as a result of profit generation and stringent working capital management



Financial Overview

Balance Sheet

| | Reviewed Actual | Audited Actual |
|--|---------------------|-------------------|
| | 30 November 2008 | 31 May 2008 |
| | R '000 | R' 000 |
| EQUITY AND LIABILITIES | | |
| Capital and reserves | 2 103 865 | 1 917 944 |
| Share capital and share premium ⁽¹⁾ | 4 380 606 | 4 404 737 |
| Restructuring reserve ⁽²⁾ | (1 843 912) | (1 843 912) |
| FCTR | 4 405 | 2 552 |
| Transaction with minority reserve ⁽³⁾ | (898 564) | (898 564) |
| Minority interest | 18 414 | 8 373 |
| Retained earnings | 442 916 | 244 758 |
| Non-current liabilities | 67 651 | 58 056 |
| Current liabilities | 1 460 789 | 1 246 179 |
| Trade and other payables | 1 363 311 | 1 152 969 |
| Non-interest bearing borrowings | 20 389 | 9 041 |
| Current tax liabilities | 74 883 | 71 146 |
| Current portion of interest bearing borrowings | 2 206 | 13 023 |
| Total liabilities⁽⁴⁾ | 1 528 440 | 1 304 235 |
| Total equity and liabilities | 3 632 305 | 3 222 179 |

1. Share capital and share premium

- Declined by R24m due to treasury shares purchased

2. Restructuring reserve

- Arose in prior year as a result of the re-statement of the group comparatives
- Represents the difference between the fair value of the entities under the group's control and their respective NAV's

3. Transaction with minority reserve

- Represents goodwill arising on transactions with minorities in terms of the economic entity method

4. Total liabilities

- Increased by R224m in line with organic growth



Financial Overview

Cash Flow

| | Reviewed Actual | |
|--|----------------------------|--|
| | 30 November 2008 | |
| | R '000 | |
| Cash flows from operating activities ⁽¹⁾ | 421 142 | 1. Cash flows from operating activities |
| Cash flows from investing activities ⁽²⁾ | (110 577) | <ul style="list-style-type: none">• Operating profit growth and focus on working capital management resulted in R421m of cash flows from operating activities |
| Cash flows from financing activities | 7 554 | |
| Increase in cash and cash equivalents | 318 119 | 2. Cash flows from investing activities |
| Cash and cash equivalents at the beginning of the period | 1 328 294 | <ul style="list-style-type: none">• R110m applied to investing activities<ul style="list-style-type: none">• R52m purchase of associates• R29m purchase of subsidiaries• R52m purchase of assets• R6m disposal of subsidiaries• R5m disposal of financial assets• R12m loans repaid |
| Cash and cash equivalents acquired in subsidiaries | 29 733 | |
| Translation difference | 103 | |
| Cash and cash equivalents at end of period | 1 676 249 | |



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Financial Overview

Dividends

No dividend has been declared in line with group's present stated policy

The group intends to declare dividends in the financial year commencing 1 June 2010

Overview



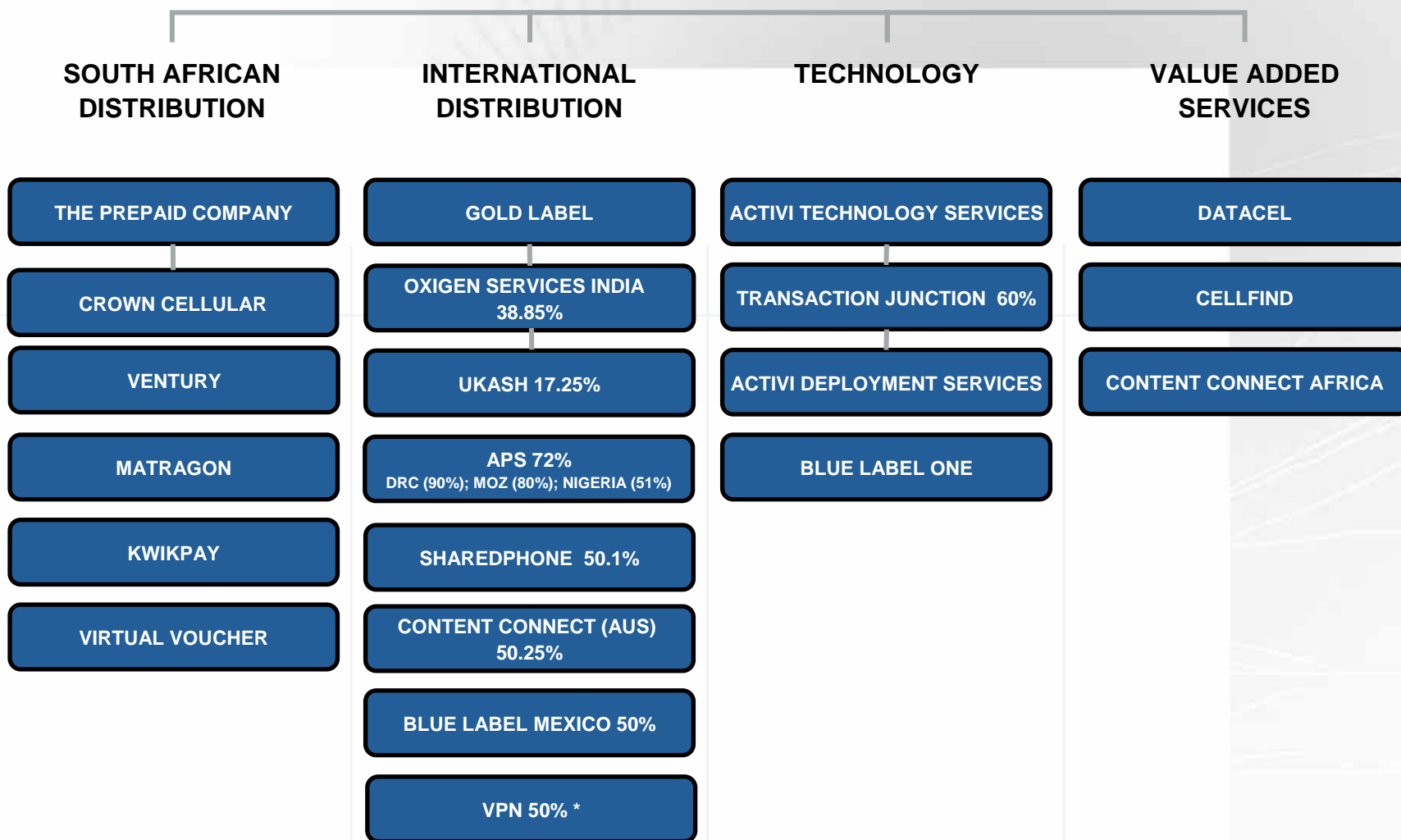
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by Brett Levy, Joint CEO





Group Structure



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Thank you
Q&A

