



BLUE LABEL
TELECOMS

CONNECTING OUR WORLD TO YOURS

Unaudited results for the six
months ended 30 November 2021

bluelabeltelecoms.co.za



01

HIGHLIGHTS

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OUR KEY PERFORMANCE

- Resilient despite economic challenges; generating cash
- Back-to-basics remains key strategic focus
- Investment in product development, IT infrastructure and digitisation pays off

GROSS PROFIT

R1.36bn

GP margin improves from
11.87% to 14.93%

NET CASH

R862m

Net cash generated from
operating activities



Revenue *

R36.2bn

Period Growth

12%

*

Including the gross amount generated on 'PINless top-ups', electricity, ticketing and gaming.



FINANCIAL HIGHLIGHTS

For the six months ended 30 November 2021



REVENUE *

⬇ R9.1bn
[2020: R9.6bn]

Imputed Revenue: Up 12%

GROSS PROFIT

⬆ R1.36bn
[2020: R1.14bn]

GROSS PROFIT MARGIN

⬆ 14.93%
[2020: 11.87%]

NET CASH FROM OPERATING ACTIVITIES

⬇ R862m
[2020: R970m]

INTEREST-BEARING BORROWINGS

⬇ R1.97bn
[Nov 2020: R2.32bn]

HEADLINE EARNINGS / SHARE

⬆ 60.86c
[2020: 40.96c]

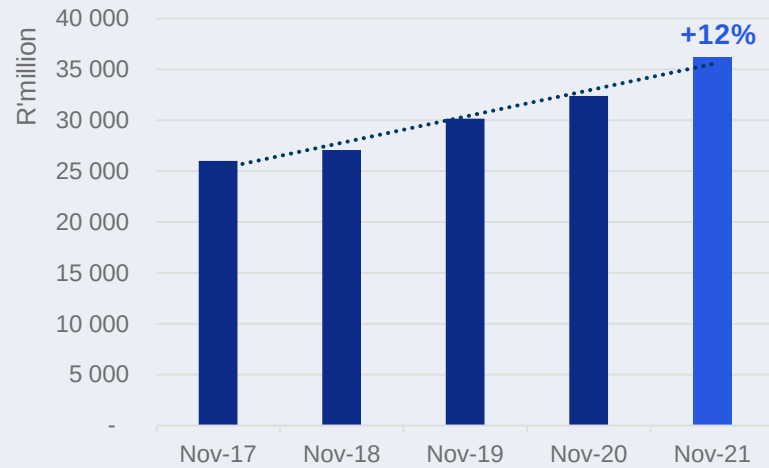
CORE HEADLINE EARNINGS / SHARE **

⬆ 62.69c
[2020: 42.70c]

* On inclusion of the gross amount generated on "PINless top-ups", prepaid electricity, ticketing and gaming, the effective increase equated to 12% from R32.4 billion to R36.2 billion.

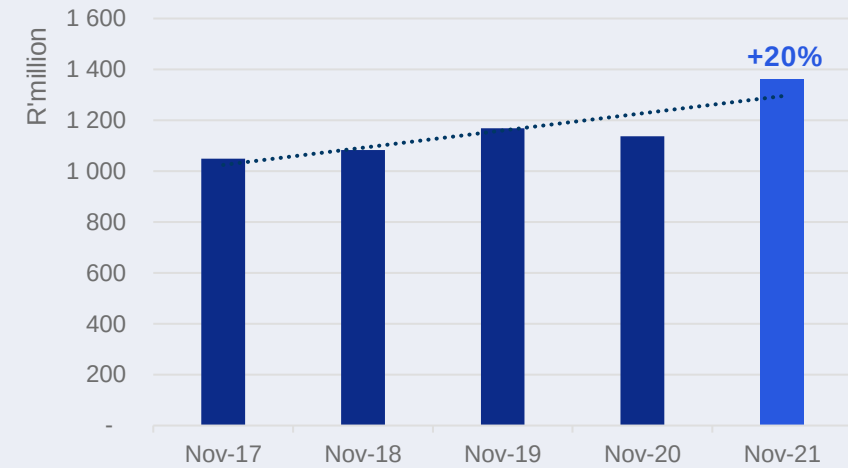
** On exclusion of non-recurring income of R148 million in the current period and R22 million in the prior period, core headline earnings per share from continuing operations increased by 22% to 45.68 cents per share compared to 37.35 cents per share in the prior period.

GROSS REVENUE *



* From continuing operations

GROSS PROFIT *



* From continuing operations



Gross airtime and data revenue increased 3% to R17.9 billion



Gross electricity revenue increased 21% to R15.9 billion

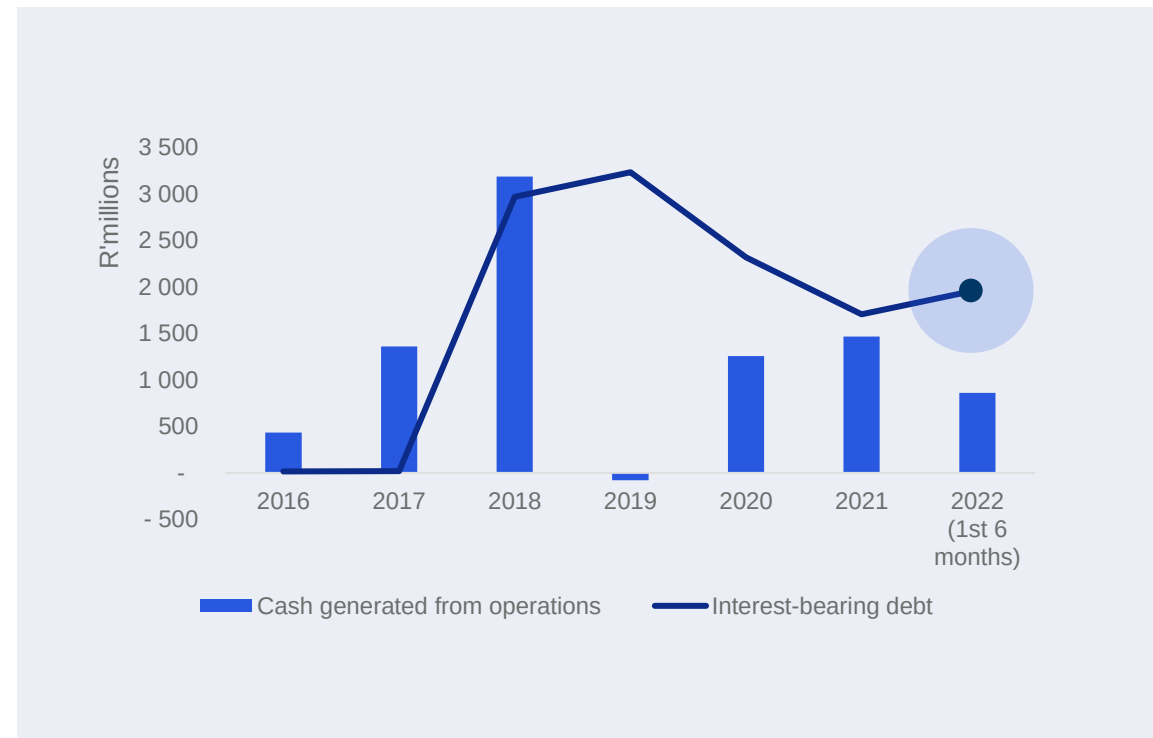


Gross profit increased 20% to R1.36 billion

DEBT & CASH FLOW

Debt has gone up marginally, but group continues to generate cash.

Based on the decision to preserve cash flow, no dividends have been declared, nor any share repurchase considered.



02

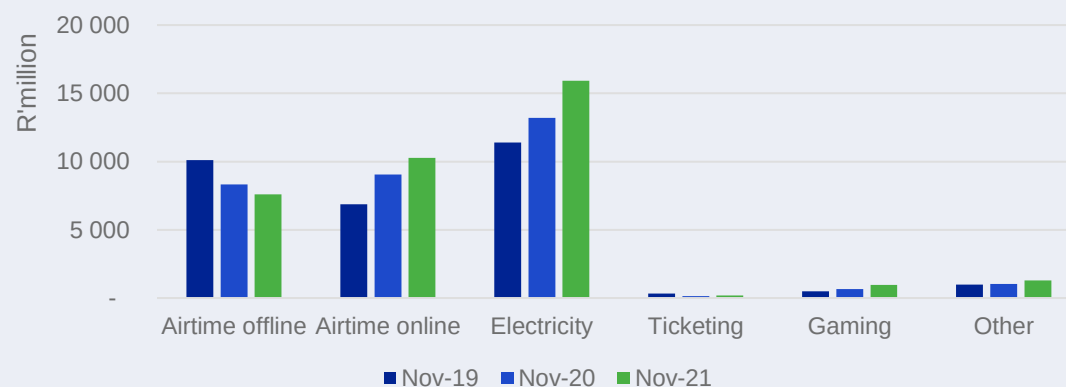
SA DISTRIBUTION

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PRODUCT PERFORMANCE

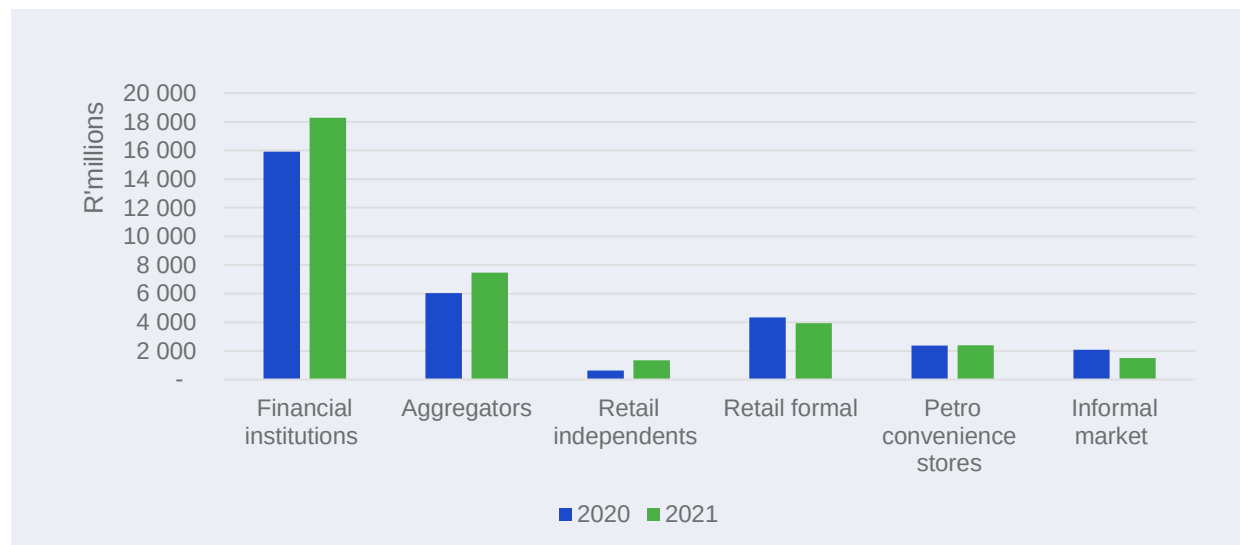


REVENUE INCREASED BY 12% TO R36.1BN*

** Including the gross amount generated on 'PINless top-ups', electricity, ticketing, gaming and other*

- While turnover in face value sales continue to grow, we still see margin squeeze across high performing products.
- Consumer buying behaviour continues to move away from traditional pinned offline channels to PINless online channels, causing declines in gross profit.
- BLT's Ringas and Blu Voucher help shift the decline in other products.

CHANNEL PERFORMANCE



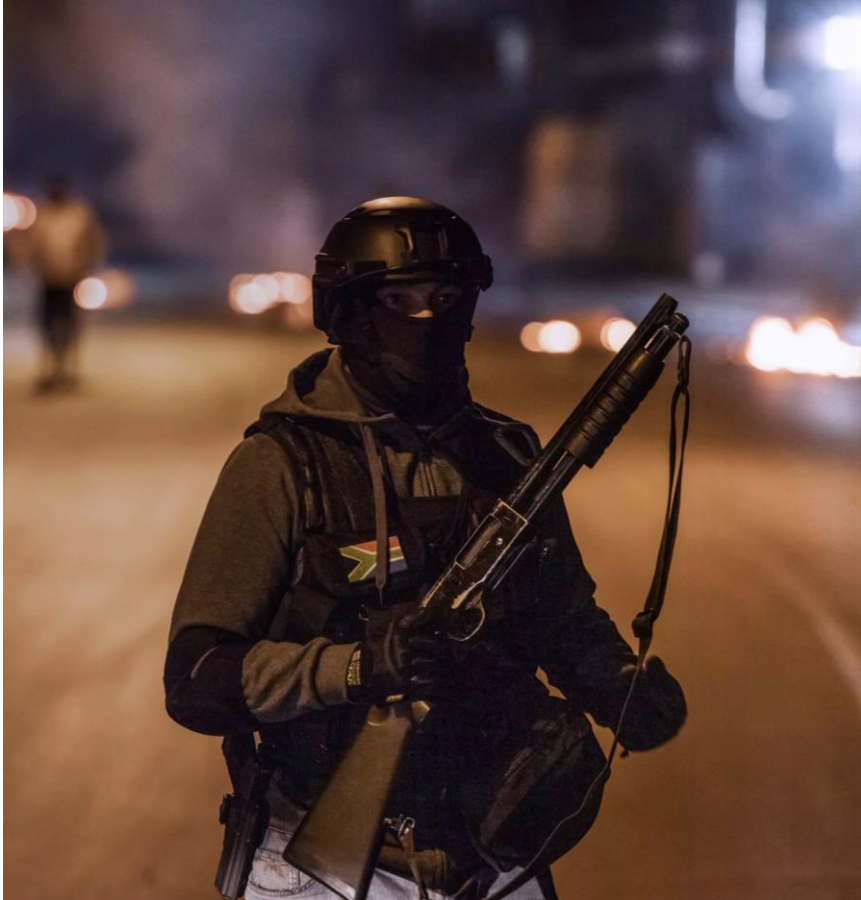
- Retail channel experienced major setbacks across the segment due to political unrest and looting.
- YoY decline of 0.80% for face value is attributable to site closures as a result of the unrest.
- Informal channel remains a key focus with much headway being made in driving the new route-to-market strategy.
- Further expansion into Retail and other Retail Independent segments is happening with new products listed.
- Renewed relationships within financial institutions has helped secure business.

**THERE HAS BEEN A CHANGE IN THE WAY
THE CHANNELS HAVE PERFORMED, WE NOW
HAVE PRESENCE ACROSS ALL OF THEM.**

DIVERSIFICATION STRATEGY

- Our newer generic voucher offerings, Ringas and Blu Voucher, continue to deliver strong growth.
- Aligned to our strategy of diversifying our revenue streams, we continue to focus growth across transportation, gaming and money transfers.
- In parallel, we are launching various offerings across the broader financial services category, more specifically within payments, credit and insurance.





UNREST & LOOTING

- More than 500 of our sites affected
- Many spazas closed out of fear
- Some still not trading

Essential nature of our products and a robust business model saw us through.

 Google Images

In July 2021, more than 340 people lost their lives, damage exceeded R50bn, affecting more than 40 000 businesses.





THE INFORMAL MARKET

Bringing products and services closer to the homes of our people remains a key focus. The Informal Market Segment is passionate about this and have placed aggressive emphasis on aligning its operations to meet the demand. Our aim will remain to expand our footprint in this environment, making access to our products and services more convenient and more affordable.



Products where YOU are

SNAPSHOT

INFORMAL MARKET



Trade

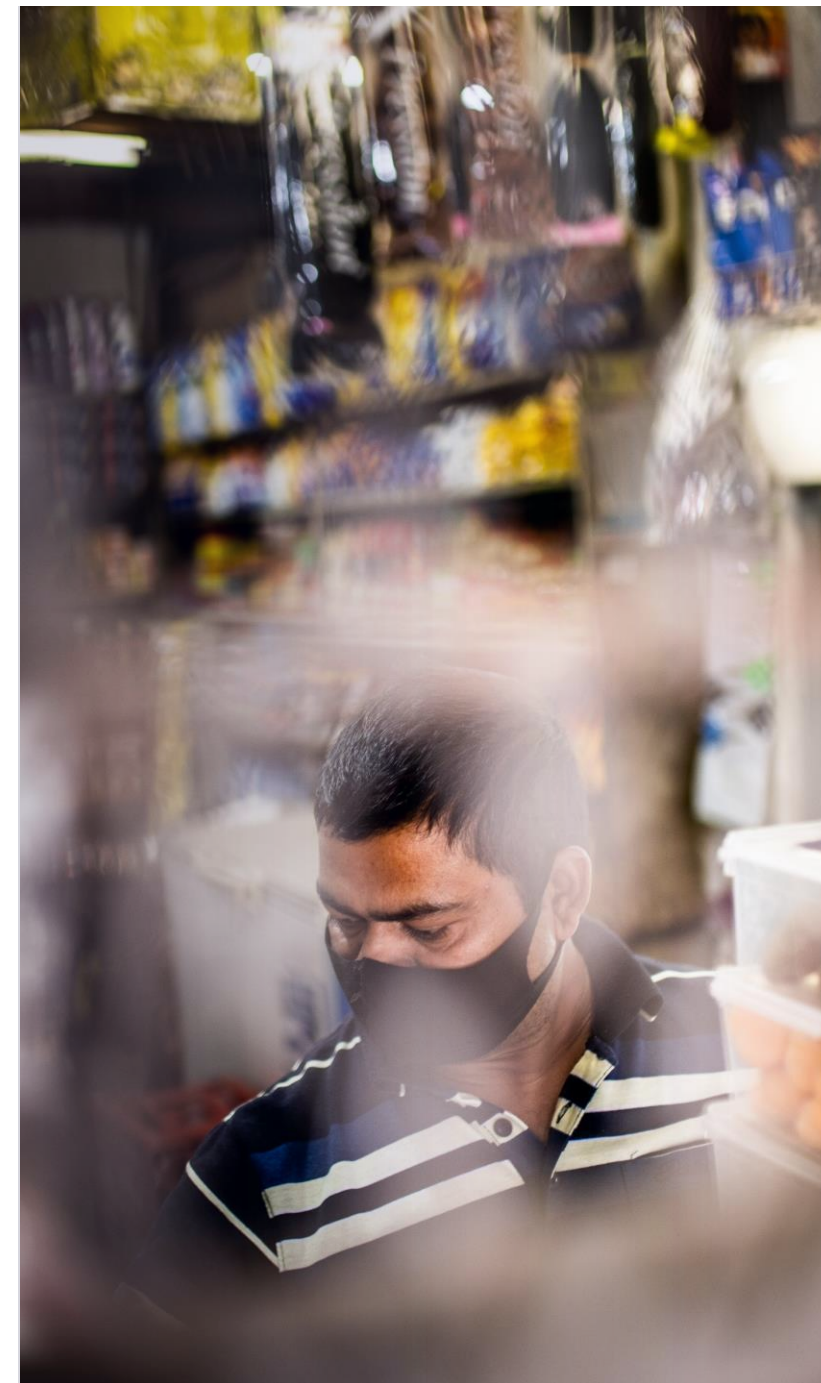
- Trader base has stabilized and is showing good traction, having grown 12% since the start of the fiscal year.
- This factors in churn, which has also slowed.
- Trade is showing promising trends, both in terms of average trade per trader, as well as from a product mix perspective.
- The average monthly trade value per trader increased 67% from June to December.

Efficiencies & Profitability

- Several initiatives during the first term of FY22 targeting efficiencies and profitability.
- Operational excellence initiatives implemented to ensure we touch more traders more often.
- Key commercial changes plugged into our solution, resulting in improved profitability and reduced costs.

Consumer Trends

- Buying patterns seen in main markets starting to reflect in the informal segment too.
- A clear reduction in pinned airtime and data is also now evident in the informal segment.
- Financial services, BLT's own products, and Entertainment have shown significant traction.
- Money transfer trade has shown good growth YTD.
- Significant month-to-month growth for Ringas and entertainment, not only compared to the previous FY, but also month-to-month in this FY.



03

COMM EQUIPMENT COMPANY

equipmentco.co.za



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CEC KEY RESULTS

	 NOV 2019	 NOV 2020	 NOV 2021
GP	R166m	R177m	R368m
NPAT	R111m	R90m	R127m

FINANCE

- Financing agreement completed with African Bank for R1.9 billion
- Support entrepreneurial initiatives
- Free to pursue opportunities as they arise
- Opens up additional partnership prospects



MORE
INFORMATION



SUBSCRIPTION INCOME SHARING ARRANGEMENT

- Now implemented and fully functional
- Priorities remain to:
 - Profitably grow the Cell C post-paid business
 - Reduce churn on the base
 - Regain our consumer champion title
 - Leverage our partners in BLC and BluNova

STRIIDE

striide.co.za

In line with the strategy to offer new credit and product offerings, a wellness solution was recently launched, offering gym equipment to consumers on a unique rental model. Launched into Cell C and expected to launch other channels soon. eCommerce website will be live in March.

The intention is to:

- Offer innovative and attractive products and bundles
- Differentiate ourselves in the cellular market
- Test the model for expansion into other products

R439 – R1 469 p/m

Gym equipment rental, launched
in September 2021



Striide
be more

We Are Striide

Why Striide?

Our Products

South Africa, it's time to take life in your Striide

A first-of-its-kind fitness brand revolutionising life on the go from
R599 per month*

Join the Striide revolution today



NANO- ADVANCES

Buy now, pay later

- Utilise huge amounts of data available to BLT.
- High frequency, low value loans.
- Provide electricity top-ups to prepaid clients on credit for a transaction fee (target of 2-4m households).
- Customers get access to an emergency service - Electricity, BluVoucher, UniPin.
- Differentiated by an innovative scoring model, developed by BluNOVA.
- Augmenting to include all Blue Label product while we work to finalise our sales and GTM strategies.

04

CELL C

cellc.co.za



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OPERATIONAL UPDATE

Steady progress in execution of strategy

- Implementation of new operating model and network strategy remains on track; completed by end of 2023
- Stable subscriber base, attracting new prepaid customers through innovation of products and services, improving competitiveness
- Continue to manage cost tightly
- Transforming business from telco to techco





SIX MONTHS ENDED 30 NOV 2021

- Reduction in operating costs partially offset margin decline; EBIT in line with strategy
- 4% increase in prepaid subscribers significantly boosted by exponential growth in prepaid broadband subscribers
- Slight decrease in prepaid ARPU due to increase in subscribers
- Full reporting in April



RECAP

Addressing balance sheet and providing momentum to effectively manage transition. This, along with focus on profitable revenue growth and overall simplification of cost base, will put mobile operator on the path to long-term sustainability.

- In the process of signing an umbrella term sheet
- Part of the overall process and structure to ensure sustainable debt profile which is on track
- Further updates in due course



05

CIGICELL

cigicell.co.za



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CONTINUED GROWTH



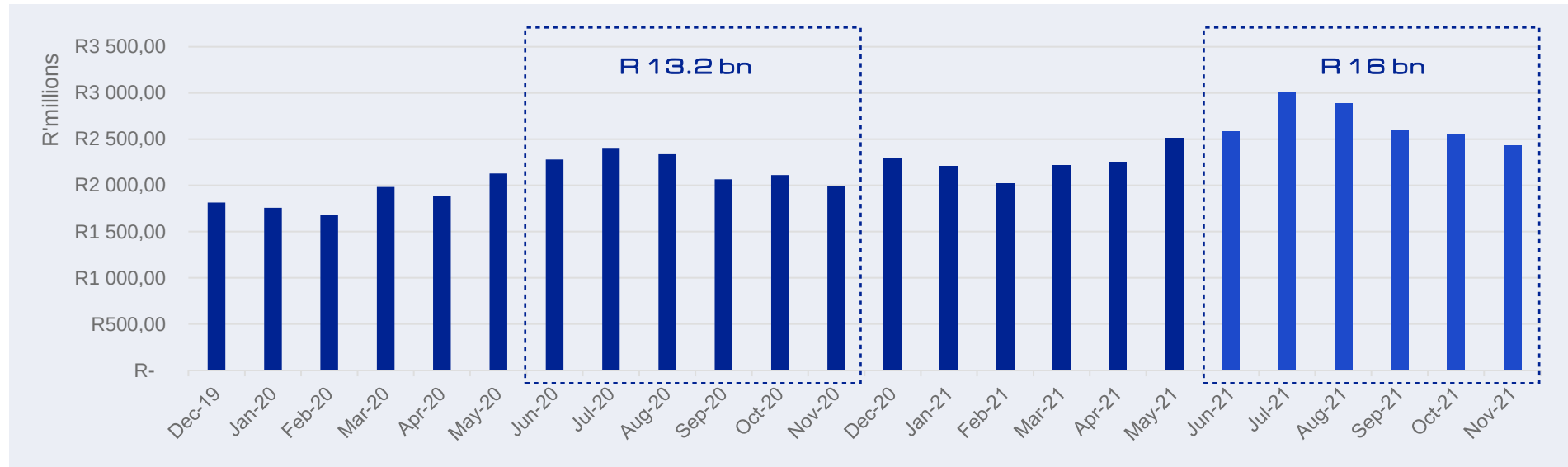
The business has continued to perform well even under challenging conditions.

Morphing from a token vending company to a solutions provider for municipalities:

- Large power user auditing and rectification of inaccuracies
- Data verification
- Credit control
- Meter installations & audits

CIGICELL GROSS REVENUE 21%

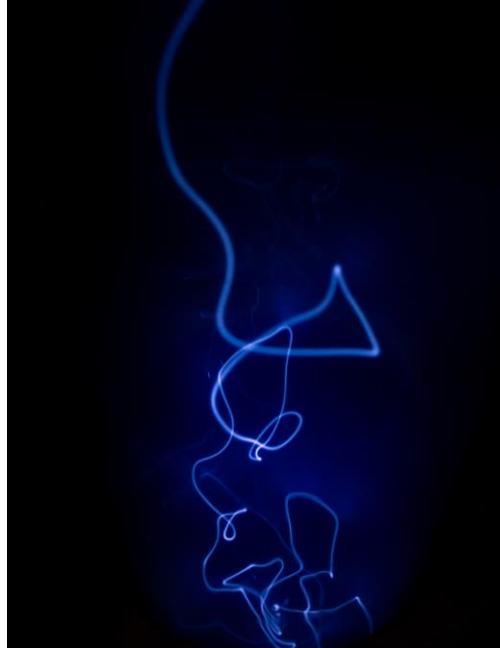
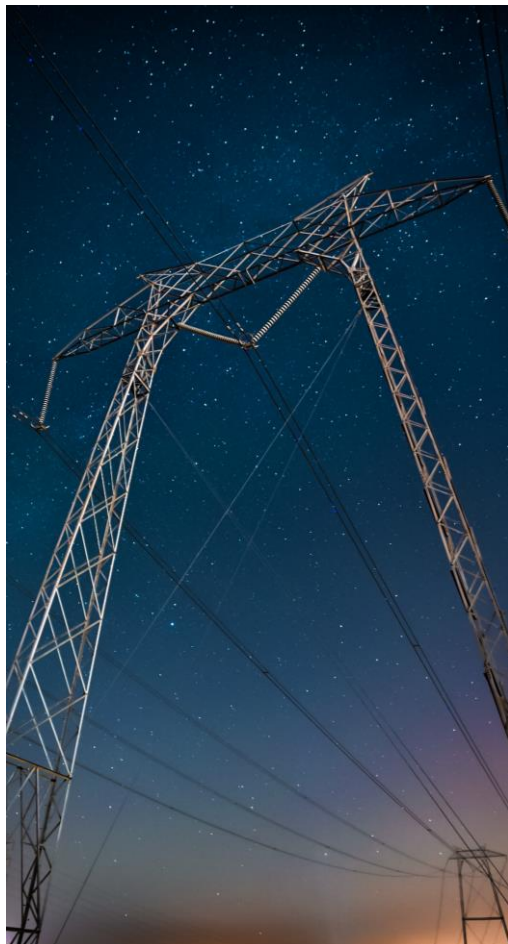
The business is promising to sustain its performance and growth due to the innovation around revenue enhancement and revenue protection, which is gaining traction with municipalities.



Gross Revenue for the period (June 21 – Nov 21) is R16 billion, which is a 21% increase on the prior period.



Replacing pre-paid metering as core business has continued to have a positive impact.



**Reware bridges
the knowledge
gap between the
customer and the
utility.**

REWARE

reware.co.za

Specialists in creating solutions for Real Time Energy Measurement, metering management and optimal hardware solutions in order to assist and guide customers in their everyday utility management.

- Manage costs and improve efficiencies through tailor-made solutions across segments, including large power user, commercial, property manager, tenant and residential.
- The business continues to gain traction and performance is expected to be better than the previous year.
- An increase in revenue boosted by prepaid and commercial meters within the municipality environment.
- An additional contributor was the launch of the private metering campaign and the LPU.
- The increase in the cost of sales has resulted in a drop in GP, but this is expected to pick up as the year progresses.
- There are several other growth opportunities in the pipeline.



visualrm.co.za

Visual Revenue Management (VRM) was established in February 2020 with the vision to become a key player and strategic partner within the municipal space of South Africa.

- Assist municipalities to become financially sustainable by optimising their revenue management process with unique and market-leading solutions.
- The business is currently tracking behind budget but there are pilot projects at hand which will boost performance.
- Also, contracts that have been delayed as part of the innovation on revenue enhancement and protection are gradually taking off.



VRM optimises municipalities' revenue management process.





**UniPay allows
convenient and
safe payment
of bills.**

UNIPAY

unipay.co.za

UniPay is a convenient, reliable and secure platform that allows customers to instantly pay bills in one place, with zero transaction fees.

The business continues to grow through our online and traditional retail channels.

06

BLUE LABEL DATA SOLUTIONS

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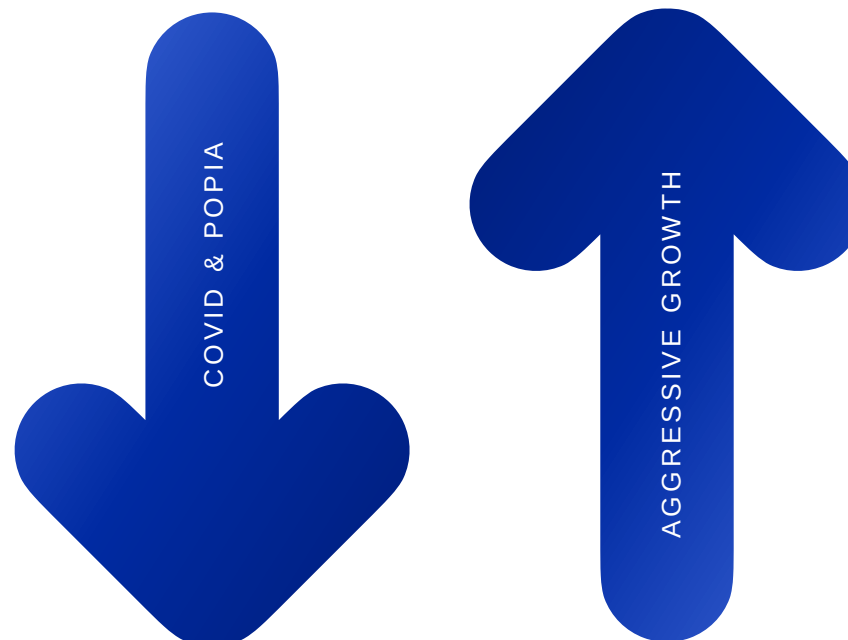


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SNAPSHOT

The Challenges

- COVID headwinds still exist and the 4th wave at the end of November had a significant impact on call centre operations.
- Combination of regulatory changes (POPIA) and continuing negative effects of COVID on the economy continue to affect response rates and sales.



The Growth

- However, opt-in database continues to grow; now at 31.3m, up from 29.3m at May 2021.
- Using cellular, credit and loan campaigns to aggressively grow our Opt-In database, along with 3rd party initiatives.
- Aggressively growing call centre lead generation in order to replace volume loss due to POPIA constraints.
- Capabilities added; Hot Key Transfers, Automated Voice Messaging and reverse billed data.



The full implementation of the Personal Protection of Information Act (POPIA) is now in effect. The strong level of compliance has allowed BLDS to grow market share.

Growth in the credit-related market and products as financing sector appears to be opening up lending, and our level of compliance allows us to service these clients.

07

BLUNOVA

blunova.co.za



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ABOUT

BluNOVA delivers services to anchor group clients while keeping sight of potential external clients. Anchor clients gain immediate benefit from the partnership with BluNOVA, while BluNOVA develops insights, feature variables, skills and competencies that can be reused across the group.

UPDATE

32 UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 NOV 2021

1

Key Projects

BluNova focuses primarily on key projects for CEC, Cell C, BLD, TPC and GloCell.

2

Nano-Advances

BluNOVA has been supporting Nano-Advances.

3

Non-financial objectives

Staff benefitted from a mid-year check-in on the company strategy and deep planning of client projects in mid-January 2022. BluNOVA feels confident about achieving its non-financial objectives as well.

4

On track

BluNOVA is on track to achieve both financial and strategic goals.

SNAPSHOT

The Challenges

- Mining group data continues to move slowly despite some progress. Anonymous transactions remain significant.
- Projects being delayed due to dependencies within client environments.
- Recruiting and retaining Data Analysts, Data Engineers, and Data Scientists continues to be a challenge.

The Achievements

- Reduction in IT costs have been achieved with the optimisation of architecture and governance.
- CEC: Alternative scoring has been deployed with ~750 approvals issued in the first month.
- The generic NanoScore has been developed to support various Nano-Advances.
- Restructured organisation to be more focused on BluNOVA's strategic goals and client projects.

08

TECHNOLOGY

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Digital Business Advancement & Core Platforms Transformation

Moving our businesses from digital availability to fully digitally-driven business models:

✓ Remote Work

Remote workplace tools rollout completed.

✓ Enterprise Architecture

The Enterprise Architecture discipline has been advanced rapidly.

✓ Automation

Robotics Process Automation platform selected and implemented and 80+ identified automation opportunities being rolled out into core subsidiaries.

✓ Marketplace

Concluding the buildout of our API gateway capabilities and simplified integrations to enable marketplace business models.

✓ Decisioning

Significant advancements made implementing data-driven decisioning, enabled by an aggressive build-out of the BluNOVA product set, scoring and decisioning environment.

Infrastructure & Fixed Cost Transformation

Defense of core business and enablement of hosting on modern infrastructure to support digital business models with computational scalability:

✓ Pipelines

Embracing hybrid-cloud rails built during 2020 and 2021 for software release process by building a cloud-native and hybrid environment and containerising all cloud services.

✓ Programmes

Concluded our always-on, Active-Active, Disaster Recovery and Business Continuity implementation programmes.

✓ Costs

Reduced running costs to reduce our transactional fixed costs by reducing infrastructure procurement expenditure and redirecting funds to cloud platform-as-a-service agreements and staffing.

Ongoing Operational Stability and Cyber Security

Maintaining high stability, resilience and redundancy by design to ensure continued reliability of our service offerings:



Uptime

Combined uptime of 99.9% across all transactional platforms.



Vigilance

Maintained ongoing Cyber Security vigilance with 0% tolerance factor.



Compliance

Completed compliance initiatives with updates to POPI and achieved readiness for Cyber Security Act Compliance.



Controls

Ongoing Security and Fraud Controls implementation within Transactional Business Systems with strengthened fraud detection mechanisms in core systems.

09

FINANCIAL RESULTS

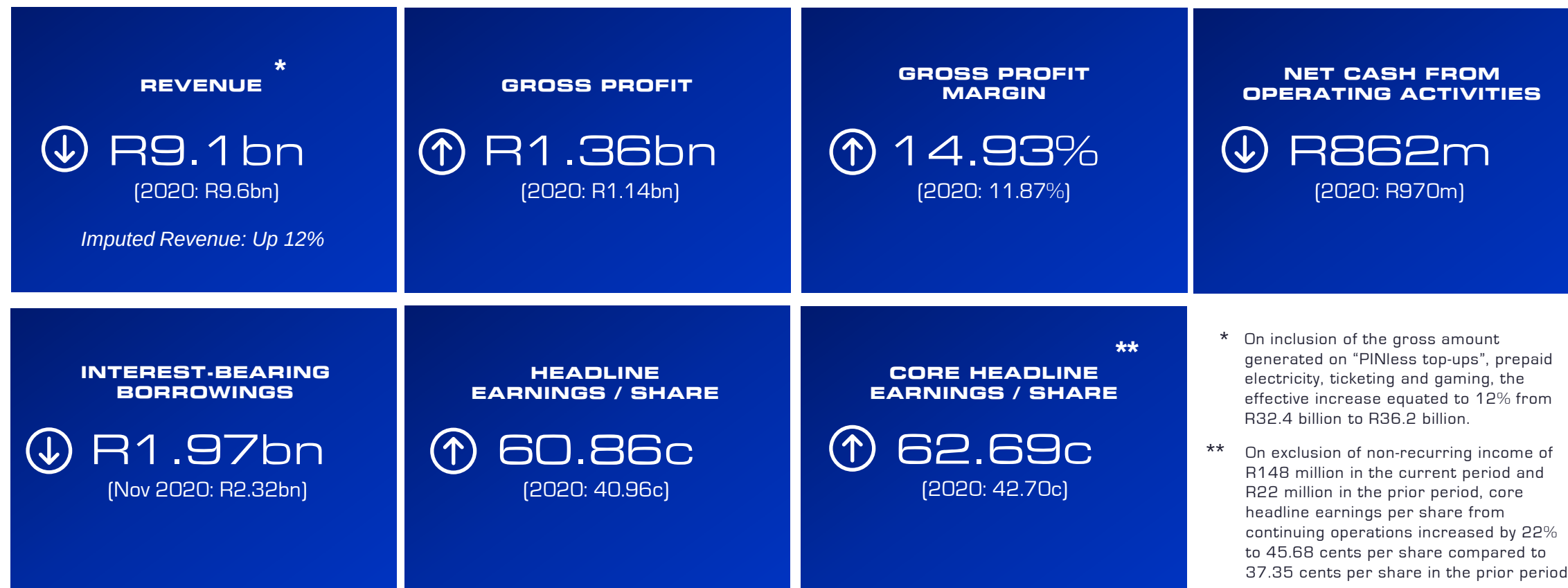
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FINANCIAL HIGHLIGHTS

For the six months ended 30 November 2021



GROUP INCOME STATEMENT

For the six months ended 30 November



	Group November 2021 R'000	Extraneous income* November 2021 R'000	Remaining November 2021 R'000	Group November 2020 R'000	Extraneous income** November 2020 R'000	Remaining November 2020 R'000	Growth remaining R'000	Growth remaining %
Revenue	9 112 874	-	9 112 874	9 582 022	-	9 582 022	(469 148)	[5%]
Gross Profit	1 360 927	-	1 360 927	1 137 650	-	1 137 650	223 277	20%
Other income	323 959	315 132	8 827	93 212	85 830	7 382	1 445	20%
EBITDA	902 498	278 118	624 380	703 334	101 839	601 495	22 885	4%
Non-controlling interest	(60 350)	(52 167)	(8 183)	(26 911)	-	(26 911)	18 728	70%
Net profit from continuing operations	530 440	147 923	382 517	412 605	101 839	310 766	71 751	23%
Core headline earnings	548 831	148 934	399 897	376 433	47 211	329 222	70 675	21%
- from continuing operations	547 820	147 923	399 897	351 568	22 346	329 222	70 675	21%
- from discontinued operations	1 011	1 011	-	24 865	24 865	-	-	
Gross profit margin	14,93%		14,93%	11,87%		11,87%		
EBITDA margin	9,90%		6,85%	7,34%		6,28%		
Weighted average shares ('000)	875 496		875 496	881 557		881 557		
Share performance from continuing operations								
EPS (cents)	60,59		43,69	46,80		35,25	8,44	24%
HEPS (cents)	60,74		43,85	38,14		35,60	8,25	23%
Core HEPS (cents)	62,57		45,68	39,88		37,35	8,33	22%

Notes

Core headline earnings for the period ended 30 November 2021 amounted to R549 million, of which R548 million related to continuing operations and R1 million to discontinued operations. Core headline earnings amounted of 62.69 cents per share.

In the comparative period, core headline earnings amounted to R376 million, of which R351 million related to continuing operations and R25 million to discontinued operations. Core headline earnings amounted to 42.70 cents per share.

On exclusion of the non-recurring income of R148 million in the current period and R22 million in the prior period, as illustrated in the underlying tables, core headline earnings from continued operations increased by R71 million from R329 million to R400 million and core headline earnings per share from continuing operations increased by 22% from 37.35 cents per share in the prior period to 45.68 cents per share. This growth was indicative of a robust trading performance by the Group during the period under review.

EXTRANEOUS INCOME

For the six months ended 30 November 2021



	Extraneous income* November 2021 R'000	Once-offs(1) November 2021 R'000	WiConnect(2) November 2021 R'000
Other income	315 132	315 132	-
EBITDA	278 118	278 118	-
Non-controlling interest	(52 167)	(52 167)	-
Net profit from continuing operations	147 923	147 923	-
Core headline earnings	148 934	147 923	1 011
- from continuing operations	147 923	147 923	-
- from discontinued operations	1 011	-	1 011

Notes

* The extraneous contributions to Group earnings in the current period were attributable to:

- Once-off recoupment income, comprising the aggregate value of assets either realised by or signed-over to the Group relating to the fraudulent scheme. This income was partially offset by professional fees incurred, taxation and the minority share thereon [1]; and
- Partial recoupment of losses by the Retail division as a result of the closure of the WiConnect stores [2].

EXTRANEOUS INCOME

For the six months ended 30 November 2020



	Extraneous income ** November 2020 R'000	Fair value movements(3) November 2020 R'000	Once-offs(4) November 2020 R'000	WiConnect(5) November 2020 R'000
Other income	85 830	-	85 830	-
EBITDA	101 839	16 009	85 830	-
Net profit from continuing operations	101 839	16 009	85 830	-
Core headline earnings	47 211	16 009	6 337	24 865
- from continuing operations	22 346	16 009	6 337	-
- from discontinued operations	24 865	-	-	24 865

Notes

** The extraneous contributions to Group earnings in the prior period were attributable to:

- Realised foreign exchange gains on the USD20 million liquidity support provided to SPV2 (3);
- Once-off income, including the disposal of the Group's interest in Blue Label Mexico (4); and
- Partial recoupment of losses by the Retail division as a result of the closure of the WiConnect stores in the prior period (5).

REVENUE

For the six months ended 30 November



	Group Nov 2021 R'000	Group Nov 2020 R'000	Growth R'000	Growth %
Prepaid airtime, data and related revenue	17 870 844	17 380 264	490 580	3%
- Prepaid airtime and data	7 595 115	8 333 550	(738 434)	(9%)
- "PINless" airtime top-ups	10 275 729	9 046 714	1 229 014	14%
Postpaid airtime, data and related revenue	45 696	54 723	(9 027)	(16%)
Prepaid & Postpaid SIM cards	258 042	293 229	(35 187)	(12%)
Services	200 132	174 365	25 767	15%
Subscription income share	286 405	-		
Gross electricity revenue	15 927 419	13 193 131	2 734 288	21%
- Electricity commission	177 066	184 911	(7 845)	(4%)
- Gross electricity revenue	15 750 353	13 008 220	2 742 133	21%
Handsets, tablets and other devices	154 966	186 271	(31 305)	(17%)
Finance revenue	198 583	216 235	(17 652)	(8%)
Gross ticketing revenue	187 687	143 420	44 267	31%
Gross gaming revenue	956 324	660 493	295 831	45%
Other revenue	137 733	101 776	35 957	35%
Gross revenue	36 223 831	32 403 908	3 819 924	12%
Less: imputed gross revenue	(27 110 957)	(22 821 886)	(4 289 072)	19%
Reported revenue	9 112 874	9 582 022	(469 148)	(5%)

Notes

Revenue generated by the continuing operations within the Group declined by 5% to R9.1 billion.

As only the gross profit earned on "PINless top-ups", prepaid electricity, ticketing and gaming are recognised as revenue, on imputing the gross revenue generated thereon, the effective growth in revenue equated to 12% from R32.4 billion to R36.2 billion.

BALANCE SHEET

As at



	Group Nov 2021 R'000	Group May 2021 R'000
Non-current assets	3 139 194	2 821 283
Property, plant and equipment	188 302	194 193
Intangible assets and goodwill	2 120 127	1 733 381
Investment in associates and joint ventures	91 229	62 996
Advances to customers	448 639	570 456
Other non-current assets	290 897	260 257
Current assets	9 477 800	8 629 196
Inventories	982 711	965 946
Trade and other receivables	4 530 177	3 752 019
Advances to customers	855 998	1 241 832
Other current assets	166 424	252 074
Cash and cash equivalents	2 942 490	2 417 325
Total assets	12 616 994	11 450 479
Capital and reserves	3 682 549	3 233 348
Non-current liabilities	395 603	237 563
Current liabilities	8 538 842	7 979 568
Trade and other payables	6 501 641	6 052 849
Borrowings	1 834 282	1 704 374
Other current liabilities	202 919	222 345
Total equity and liabilities	12 616 994	11 450 479

Notes

Of the net increase in intangible assets and goodwill of R387 million, additions to intangible assets amounted to R530 million offset by amortisation of R143 million. Of the total additions to intangible assets, R420 million relates to costs borne by the Group in terms of a subscription income sharing arrangement and R91 million to subscriber acquisition costs.

The stock turn equated to 23 days compared to 22 days for the financial year ended 31 May 2021.

The debtor's collection period increased to 73 days compared to 59 days for the financial year ended 31 May 2021. On exclusion of the trade debtors relating to CEC, the debtor's collection period increased to 29 days compared to 28 days for the financial year ended 31 May 2021.

Average credit terms equated to 135 days compared to 116 days for the financial year ended 31 May 2021.

CASH FLOW

For the six months ended 30 November



	Group Nov 2021 R'000	Group Nov 2020 R'000
Cash generated by operations	953 746	1 125 291
Interest received	35 542	27 530
Interest paid	(68 384)	(67 013)
Taxation paid	(59 117)	(115 638)
Cash flows from operating activities	861 787	970 170
Cash flows from investing activities	(453 752)	(207 469)
Cash flows from financing activities	117 156	(145 618)
Increase in cash and cash equivalents	525 191	617 083
Cash and cash equivalents at the beginning of the period	2 417 207	2 014 725
Cash and cash equivalents at the end of the period	2 942 398	2 631 808

Notes

Cash generated from trading operations totaled R954 million. Working capital movements comprised an increase in trade payables of R310 million and a decrease in advances to customers of R508 million, offset by an increase in trade receivables and inventory of R729 million and R16 million respectively. After incurring net finance costs and taxation, net cash generated from operating activities amounted to R862 million.

Net cash flows utilised in investing activities amounted to R454 million, primarily attributable to the cost of intangible assets of R405 million, capital expenditure of R32 million, the acquisition of associate shares of R5 million and net loans granted of R15 million. Of the R405 million invested in intangible assets, R385 million related to costs borne by the Group in terms of the subscription income sharing arrangement.

Cash flows generated from financing activities amounted to R117 million, of which R157 million related to the net increase in borrowings offset by R19 million to lease payments and R21 million to dividend payments to non-controlling interests.



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THANK YOU

Questions?



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