



Audited results

for the year ended 31 May 2013



Highlights for the year ended 31 May 2013



Highlights

Strategy

SA Distribution

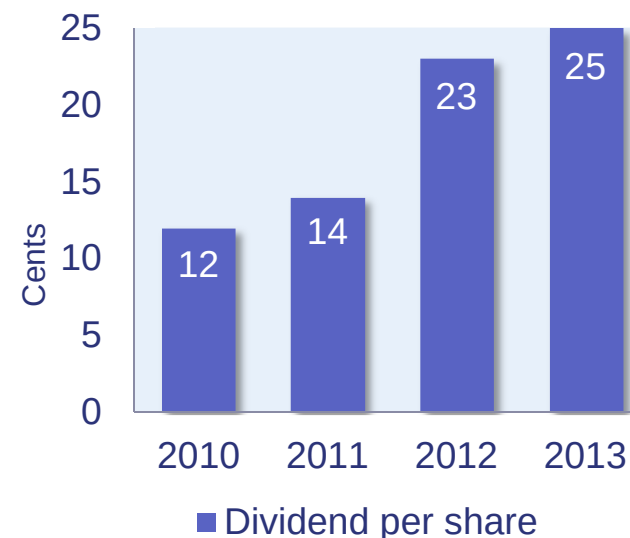
International

Mobile and Solutions

Prospects

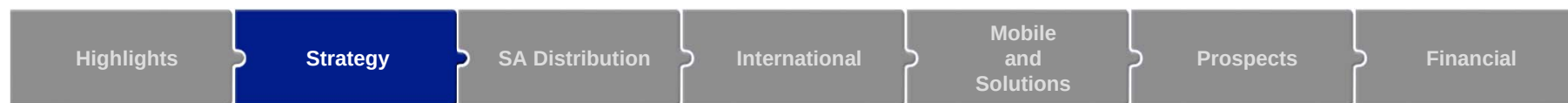
Financial

- HEPS up 17% to 64.17 cents*
- GP margin up from 6.04% to 6.60% (excl IFRS)
- Revenue increases to R19 billion
- Growth strategy continues:
 - electricity commissions up 33%
 - SMS aggregation and distribution enhanced
 - merchant acquiring foundations prepared
 - UK, India and Mexico expanding
 - innovative bulk stock purchases
 - acquisitions of airtime bases, TicketPros and Panacea Mobile
- Dividend of 25 cents per share declared



*on exclusion of the comparative once off income receipt of R79.4 million

Strategy creates Value



OPPORTUNITY DELIVERY VALUE ADDING

- Prepaid provides certainty
- Prepaid is an alternative payment method
- Airtime builds railroad tracks
- Add products and services
- Growing demand in SA: electricity, financial services, ticketing, 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

- Robust, scalable, agnostic and proprietary technology platform - AEON
- Position 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

- >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

The Importance of Distribution



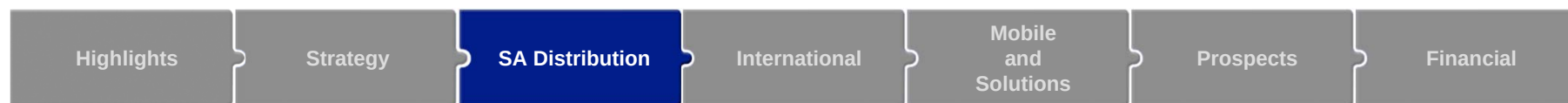


South African Distribution

Brett Levy – Joint CEO



Operational and Financial Highlights



- Revenue reaches R18.7 billion
- If airtime sales as agent imputed into Revenue, growth equates to 6%
- Increasing Gross Profit margin →
- Rural and urban areas expanding
- Electricity commissions earned up by 33%
- Developing Financial Services foundations
- 3 Income Pillars (% of NPAT):

2013	2012	2011
5.99%	5.75%	5.26%

	2013	2012	2011
Commodity sales	43%	45%	47%
Annuity income	53%	47%	43%
Interest earned	4%	8%	10%

Prepaid Airtime - Revenue Growth



Highlights

Strategy

SA Distribution

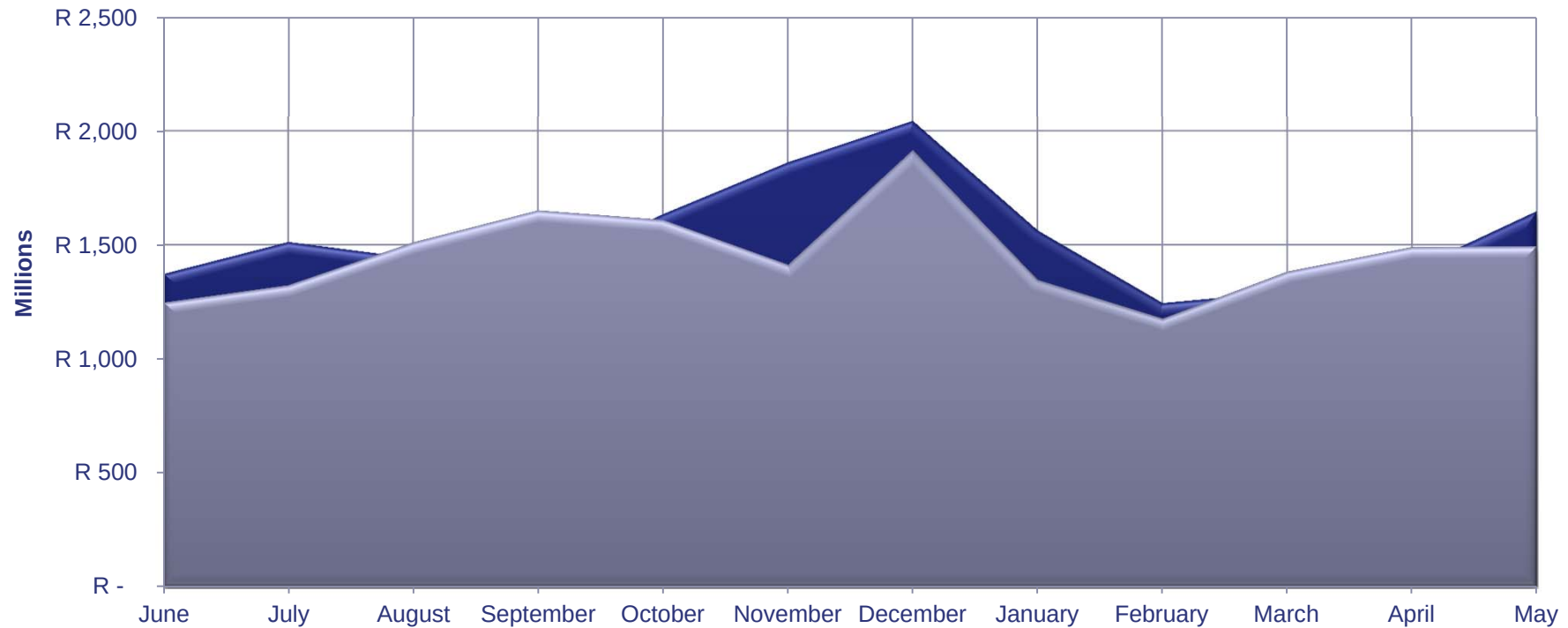
International

Mobile
and
Solutions

Prospects

Financial

■ 2013 ■ 2012



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

Direct Top Up - PINless Airtime Growth

Highlights

Strategy

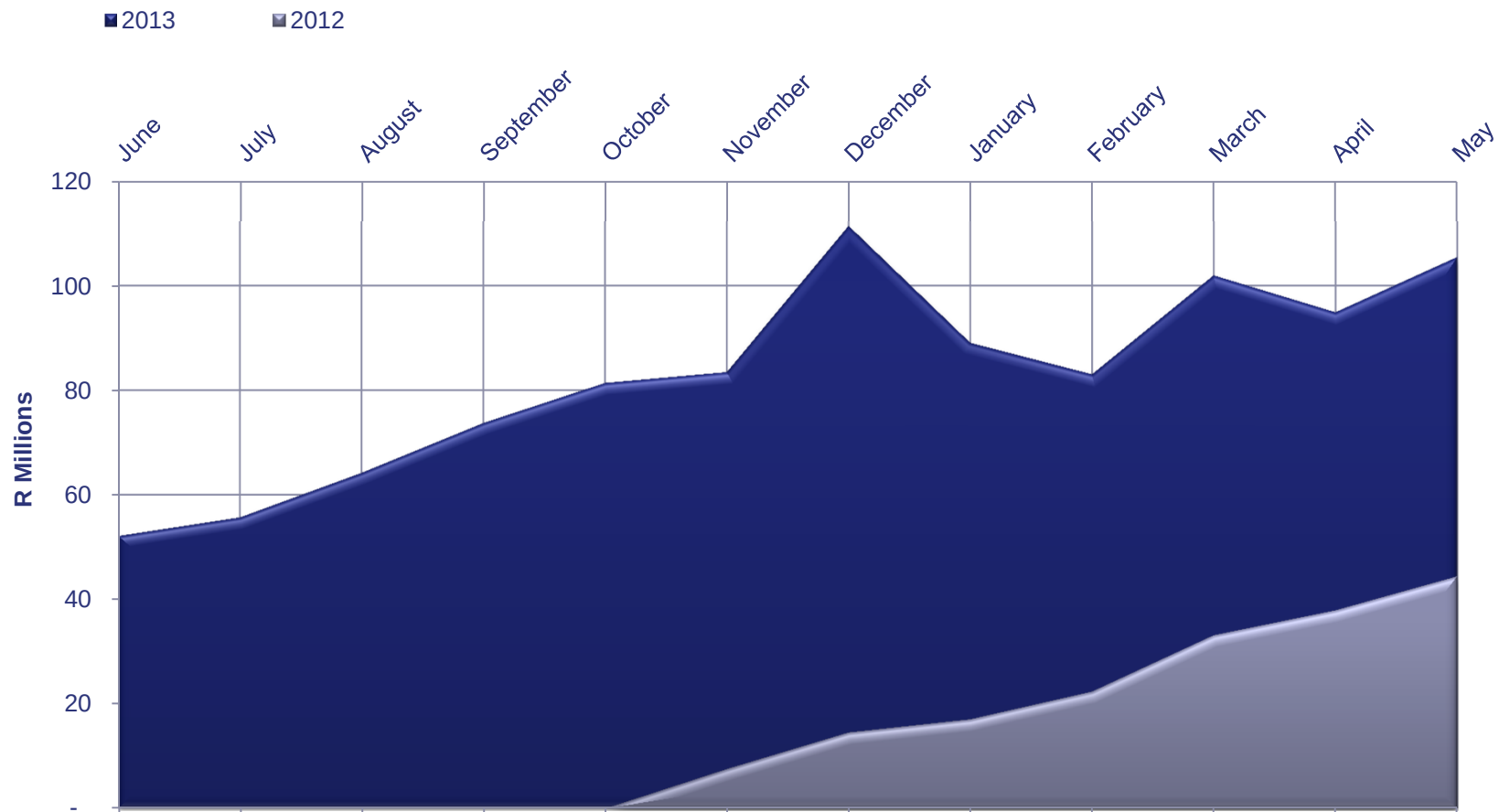
SA Distribution

International

Mobile
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Solutions

Prospects

Financial



Prepaid Airtime and Starter-Packs

Highlights

Strategy

SA Distribution

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Prospects

Financial

- Innovative bulk inventory purchases continue
- Acquisitions of airtime bases
- Reach into rural and urban areas expanding:
 - introducing 2 innovative low cost POS devices:
'business in a box' and 'Rechaja Mo'
 - retail expansion into kiosks shaping distribution tactics



Prepaid Airtime Revenue Growth Per Network

Highlights

Strategy

SA Distribution

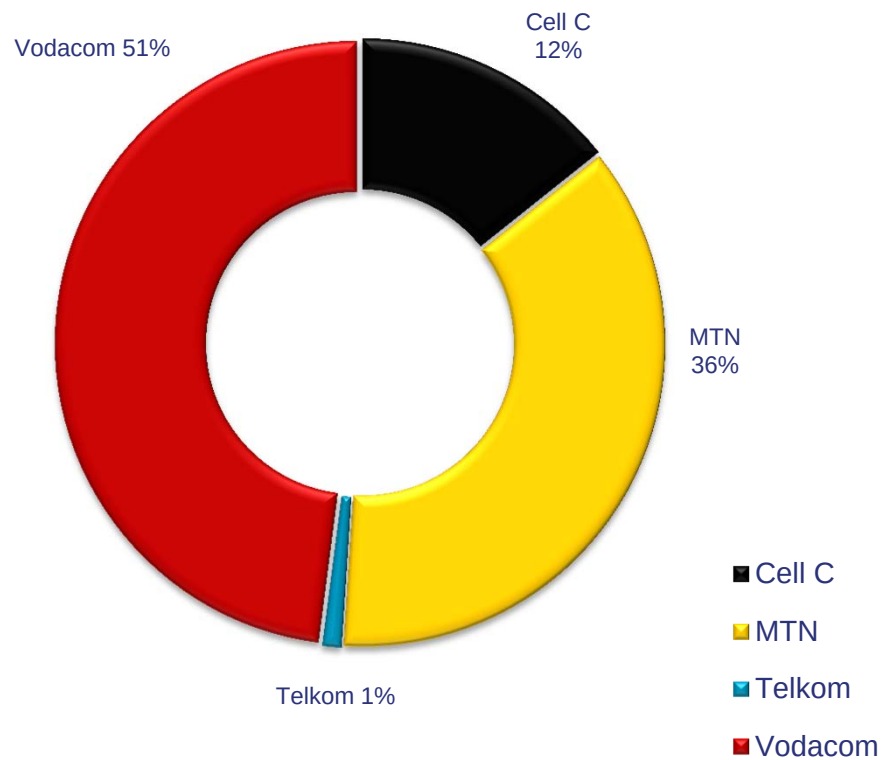
International

Mobile
and
Solutions

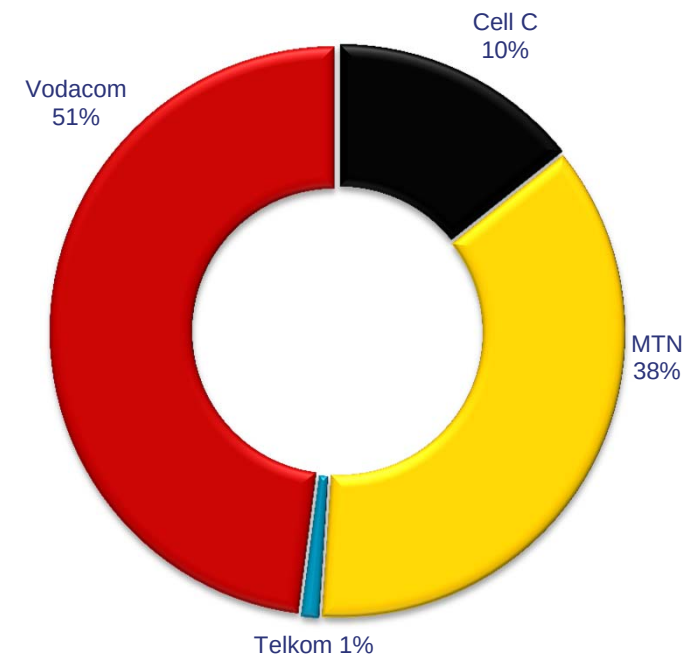
Prospects

Financial

Revenue per Network August 2012 - July 2013



Revenue per Network August 2011 - July 2012



Highlights

Strategy

SA Distribution

International

Mobile
and
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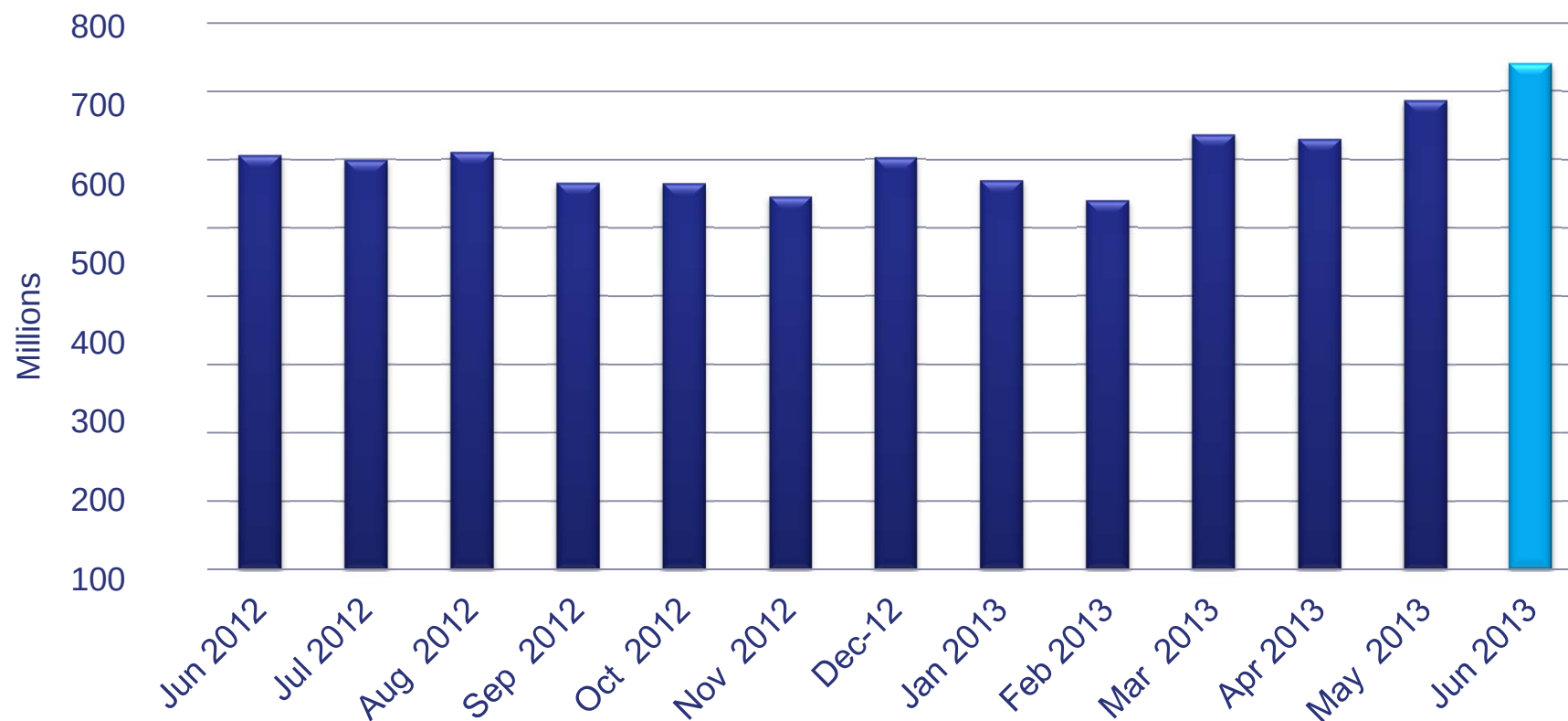
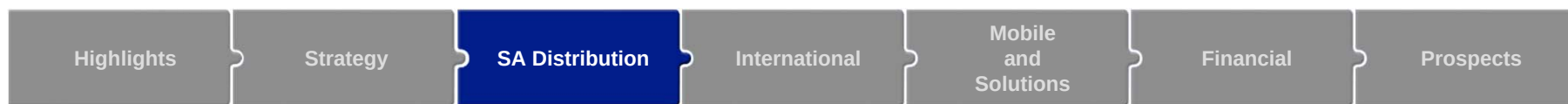
Prospects

Financial

- Commissions earned up 33% from R85 million to R113 million, due to increasing volumes
- Equates to R7.2 billion in utility sales, up from R5.5 billion
- Our growth drivers:
 - more municipalities signing distribution contracts
 - increasing number of consumers installing prepaid meters
 - popularity of UniPIN product with consumers
 - electrification of new and existing housing developments
- Prepaid market currently ~9 million prepaid meters installed
- Growth path expected to continue



Prepaid Electricity – Revenue Growth



Prepaid Electricity – UniPIN Redemptions

Highlights

Strategy

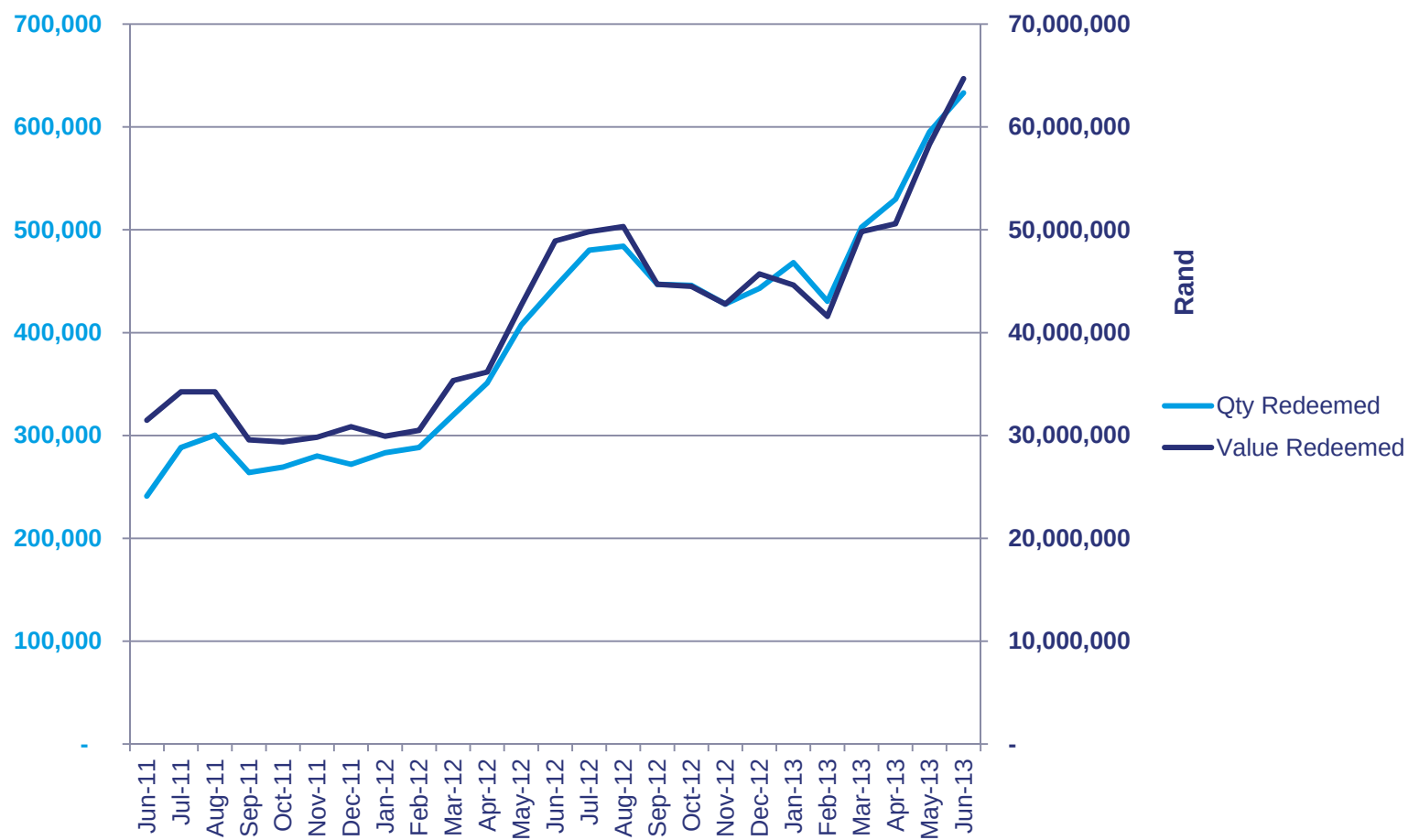
SA Distribution

International

Mobile and
Solutions

Financial

Prospects



Other Products and Services

Highlights

Strategy

SA Distribution

International

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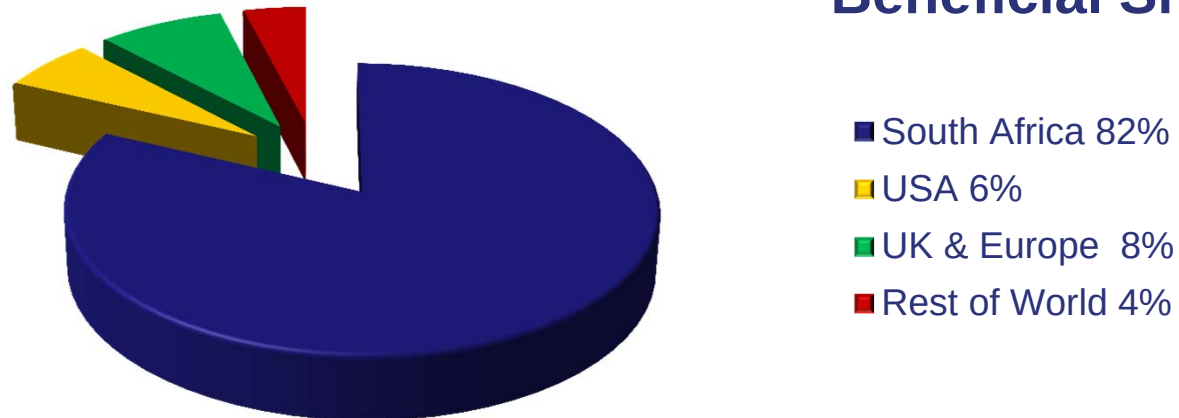
Financial

- Community based and customised starter packs:
 - benefit pack for pregnant women
 - life insurance covers
 - concert tours
- Ticketing engine – events and transport
- Financial Services foundations prepared:
 - bill payments, EFT, money transfers
 - stock advances
 - banking and acquiring
- Other products:
 - affinity cards, NFC, Spinner, Senda Mobile Merchant
- Variable denominational airtime top-up

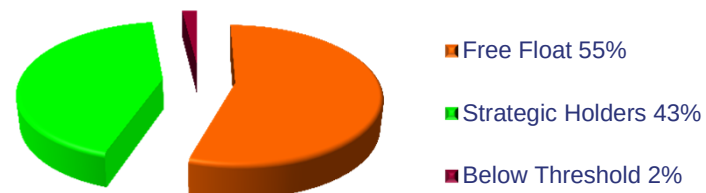


bill payments

Beneficial Shareholders



Free Float %





International Distribution

Mark Levy – Joint CEO



Operational and Financial Highlights



- International strategy replicates SA business model
- Partnerships key to delivering strategy
- Arbitration proceedings in Multi-Links case postponed to early 2014
- Extending into banking services in India and Mexico
- Roll-out in Mexico and upgrade in India on schedule
- Investments in Mexico, India and the UK accounted for as associates:

Blue Label Mexico	45%
Oxygen Services India	55.83%
Ukash (Smart Voucher Limited)	17.25%

Highlights

Strategy

SA Distribution

International

Mobile
and
Solutions

Prospects

Financial

- Operating in 57 countries on >460,000 POS
- MoneyGram global agreement adds 310,000 locations
- Queen's Award for Enterprise - 3rd successive year
- Revenue up 32%*
- Share of profit R7.3 million



* reported in Sterling

Highlights

Strategy

SA Distribution

International

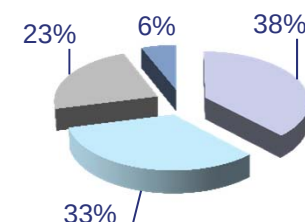
Mobile
and
Solutions

Prospects

Financial

- Product diversity and growth over 10 years
- India's first and largest payments solutions provider:
 - processing ~30 million transactions per month
 - upgraded systems to OxiSecure platform
- Rural expansion
- Instant top-up by EFT through 41 banks
- More offerings, underpinned by partnerships:
 - OxiCash – with NPCI
 - MobiCash – with SBI
 - extended warranty packs – Warranty Bazaar
 - Business Correspondent kiosks – with SBI, YES Bank and ICICI
- Share of loss at R600 000

Product diversity



■ Telecoms recharge
■ Banking
■ DTH TV
■ Ticketing & others



Highlights

Strategy

SA Distribution

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Prospects

Financial

- Underpinned by sales and distribution agreements
- Rapid roll-out reaches 60,000 POS
- On-track to reach target 140,000 POS by mid-2014
- Redeploying underperforming POS
- Opening dedicated stores supporting distribution
- Readyng devices for banking and acquiring
- Financial Services agreements signed
- Share of loss at R51million, whilst building robust distribution capability





Mobile and Solutions Segments

Mark Levy – Joint CEO



Highlights

Strategy

SA Distribution

International

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Prospects

Financial

- Cellfind
 - WASP, aggregator and intelligent distributor of SMS's and LBS provider
 - enhancing SMS capability
 - expanding into rest of Africa with TCS
- Blue Label Engage and Blue Label One
 - affinity, customer engagement and supporter programmes, including loyalty and rewards
 - sport loyalty programmes accessing millions of supporters
 - NFC contactless ticketing commercially launched
 - voucher advertising
 - Home Engage, Motor Engage, Senda Mobile Merchant
- Core net profit R24.8 million



Highlights

Strategy

SA Distribution

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Prospects

Financial

- Blue Label Data Solutions:
 - markets data and analytical products and services
 - accredited by Direct Marketing Association of South Africa
 - reaching ~43 million consumers
 - growth through data, analytics and forensic intelligence data solutions
- Core net profit for segment at R13.2 million



Highlights

Strategy

SA Distribution

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Prospects

Financial

- Proprietary AEON, AMS and Postilion platforms entrench neutral aggregation
- Increasing transactional volumes:
 - >400 million per month
 - ~2.5 million to 3 million online in a day
 - ~80 million bulk print vouchers per month
- Disaster Recovery and Business Continuity Plans enhanced
- Transaction Junction provides robust EFT capability
- EFT and integrated services roll-out advances well



transaction
junction 

Highlights

Strategy

SA Distribution

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Prospects

Financial

- Diverse range of customer engagement initiatives through affinity programmes
- Ticketing engine for transport, as well as sporting and entertainment events
- Innovative Financial Services products, including debit and credit card processing
- Airtime bases acquired expected to compound annuity revenues
- SMS aggregation gaining further momentum
- Consumer awareness boosting prepaid electricity commissions earned
- POS devices at Blue Label Mexico to incorporate banking transactional services



Financial Overview

David Rivkind – Financial Director



Highlights

Highlights	Strategy	SA Distribution	International	Mobile and Solutions	Prospects	Financial
Headline EPS Increased by 17% to 64.17 cents* 						Revenue Increased to R19 billion 
						Gross Profit Increased to R1.3 billion 
						GP Margins Increased from 6.45% to 6.70% 
Overheads Contained at 3% 	Cash flows from operations R432m Movement in inventories and accounts payable <u>(R872m)</u> Cash flows from operating activities (R440m)			Capital and Reserves R3.2 billion NAV per share R4.81 		Dividend 25c per share 

* Excludes a once off income receipt of R79.4 million in the comparative period

Income Statement



	Highlights	Strategy	SA Distribution	International	Mobile and Solutions	Prospects	Financial
					FY 2013 R'000	FY 2012 R'000	Growth R'000 % Growth
Revenue					18,984,210	18,715,390	268,820 1%
Gross profit					1,271,245	1,207,922	63,323 5%
GP margins					6.70%	6.45%	0.25%
Other income					12,313	17,307	(4,994) (29%)
Overheads					(573,116)	(548,813)	(24,303) (4%)
EBITDA					710,442	676,416	34,026 5%
Depreciation and amortisation					(64,543)	(73,883)	9,340 13%
EBIT					645,899	602,533	43,366 7%
Net finance income/(expense)					6,164	(10,086)	16,250 161%
Net profit before taxation					652,063	592,447	59,616 10%
Taxation					(197,137)	(186,456)	(10,681) (6%)
Net profit after tax					454,926	405,991	48,935 12%
Minority interest					16,906	8,807	8,099 92%
Share of profit from associates					6,726	6,844	(118) (2%)
Share of losses from joint ventures					(54,052)	(26,679)	(27,373) (103%)
Headline earnings from continuing operations					424,506	394,963	29,543 7%

South African Distribution



	Highlights	Strategy	SA Distribution	International	Mobile and Solutions	Prospects	Financial
			FY 2013 R'000 Total group	FY 2013 R'000 SA Distribution	FY 2012 R'000 SA Distribution	Growth R'000 SA Distribution	% Growth
Revenue			18,984,210	18,712,080	18,439,688	272,392	1%
Gross profit			1,271,245	1,121,747	1,059,873	61,874	6%
Gross profit %			6.70%	5.99%	5.75%		
Gross profit % excluding IFRS			6.60%	5.90%	5.33%		
Overheads			(573,116)	(331 023)	(327,699)	(3,324)	(1%)
EBITDA			710,442	796,439	737,488	58,951	8%
EBITDA Margins			4.04%	4.26%	4.00%		

- Growth of R820 million of pin-less top ups not included in revenue as only GP accounted for. Effective growth in revenue is 6% as opposed to 1% as reported.
- Commissions recognised on electricity increased by 33% to R113m (2012: R85m).
Gross revenue – R7.2bn (2012: R5.5bn)
- Technology segment incorporated into SA Distribution

Income Statement



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Minority interest					16,906	8,807	8,099 92%
Share of profit from associates					6,726	6,844	(118) (2%)
Share of losses from joint ventures					(54,052)	(26,679)	(27,373) (103%)
Headline earnings from continuing operations					424,506	394,963	29,543 7%

Highlights	Strategy	SA Distribution	International	Mobile and Solutions	Prospects	Financial
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	FY 2013 R'000	FY 2012 R'000	Growth R'000	% Growth
Share of profit from associates	6,726	6,844	(118)	(2%)
- Ukash	7,291	2,228	5,063	227%
- Oxigen Services India	(565)	4,616	(5,181)	(112%)

- Ukash *

- Revenues increased by 32%
- Gross profit increased by 39%
- EBITDA increased by 66%

- India

- Revenue increased by 18%, operating expenses increased by 16% resulting in a decline in EBITDA.
- Increase in expenses to expand footprint and IT development.

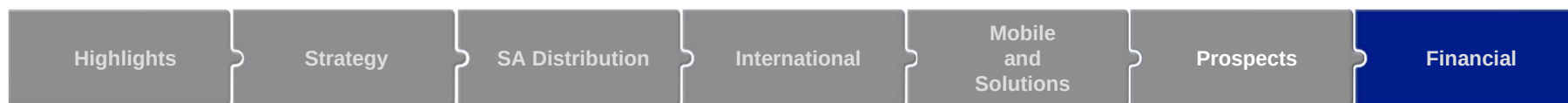
* As reported in its local currency

Income Statement



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Share of losses from joint ventures					(54,052)	(26,679)	(27,373) (103%)
Headline earnings from continuing operations					424,506	394,963	29,543 7%

Joint Ventures



	FY 2013 R'000	FY 2012 R'000	Growth R'000
Share of losses from joint ventures	(54,052)	(26,679)	(27,373)
- Blue Label Mexico	(51,124)	(24,873)	(26,251)
- Other	(2,928)	(1,806)	(1,122)

- Blue Label Mexico
 - Increased shareholding by 5%
 - Increase in overheads
 - Procurement of additional POS devices - increased depreciation
 - BLM now positioned to roll out nationally at more favourable discounts

Income Statement



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Income Statement



Highlights	Strategy	SA Distribution	International	Mobile and Solutions	Prospects	Financial
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	FY 2013 R'000	FY 2012 R'000	Growth R'000	% Growth
Headline earnings from continuing operations	424,506	394,936	29,543	7%
Discontinued operation – APS Nigeria	-	(5,492)	5,492	100%
Headline earnings before comparative once-off other income	424,506	389,471	35,035	9%
Once-off other income, net of tax	-	68,284	(68,284)	(100%)
Headline earnings	424,506	457,755	(33,249)	(7%)
Net headline earnings adjustments	335	(19,650)	19,985	102%
Net profit attributable to equity holders of parent	424,841	438,105	(13,264)	(3%)
Core intangible adjustment	12,675	17,693	(5,018)	(28%)
Core net profit	437,516	455,798	(18,282)	(4%)
Earnings per share (cents)	64.22	61.87		4%
Headline earnings per share (cents)	64.17	64.65		(1%)
Core earnings per share (cents)	66.13	64.37		3%
Headline earnings per share excluding comparative once-off other income (cents)	64.17	55.01		17%

Balance Sheet



Highlights	Strategy	SA Distribution	International	Mobile and Solutions	Prospects	Financial
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Summarised Group Statement of Financial Position as at 31 May

2013

2012

Non- current assets

Property, plant and equipment
Intangible assets and goodwill
Investment in associates and joint ventures
Other non-current assets

1,340,410

993,076

88,125

112,188

706,018

505,698

524,162

357,471

22,105

17,719

Current assets

Inventories
Trade and other receivables
Other current assets
Cash and cash equivalents

4,380,137

3,942,456

1,858,511

539,221

1,539,365

1,387,650

40,979

40,343

941,282

1,975,242

Total assets

5,720,547

4,935,532

Capital and reserves

Share capital, share premium and treasury shares
Other reserves
Retained earnings

3,242,853

2,914,386

3,939,891

3,941,316

(2,638,120)

(2,698,308)

1,941,082

1,671,378

Non-current liabilities

11,942

50,624

Current liabilities

Trade and other payables
Other current liabilities

2,465,752

1,970,522

2,393,222

1,931,204

72,530

39,318

Total equity and liabilities

5,720,547

4,935,532

- Increase in intangible assets - acquisition of starter pack bases for R264m
- R110m further investment in Blue Label Mexico.
- Bulk purchases of inventory increased inventory days to 38. Reduced cash resources.
- Debtors Collections – 27 days
- Creditors collections – 46 days

Cash Flow



Highlights

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Summarised Group Statement of Cash Flows

as at 31 May

2013

2012

Cash generated by operations	(257,384)	656,429
Interest received	35,806	59,730
Interest paid	(23,709)	(3,307)
Taxation paid	(194,507)	(184,743)
Cash flows from operating activities	(439,794)	528,109
Cash flows from investing activities	(406,336)	(276,991)
Cash flows from financing activities	(188,066)	(519,984)
Decrease in cash and cash equivalents	(1,034,196)	(268,866)
Cash and cash equivalents at the beginning of the year	1,975,242	2,226,170
Translation difference	236	17,938
Cash and cash equivalents at the end of the year	941,282	1,975,242

- Bulk inventory purchases - negative cash flows from operations
- Starter pack bases purchased - R264m
- Capex – R26m
- Acquisition of group companies – R17m
- Capital injected into Blue Label Mexico – R110m
- Dividend payment –R155m

Highlights

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Financial

Dividend of **25 cents**
per share declared

Cover of **2.52 times**



Thank you
Q&A

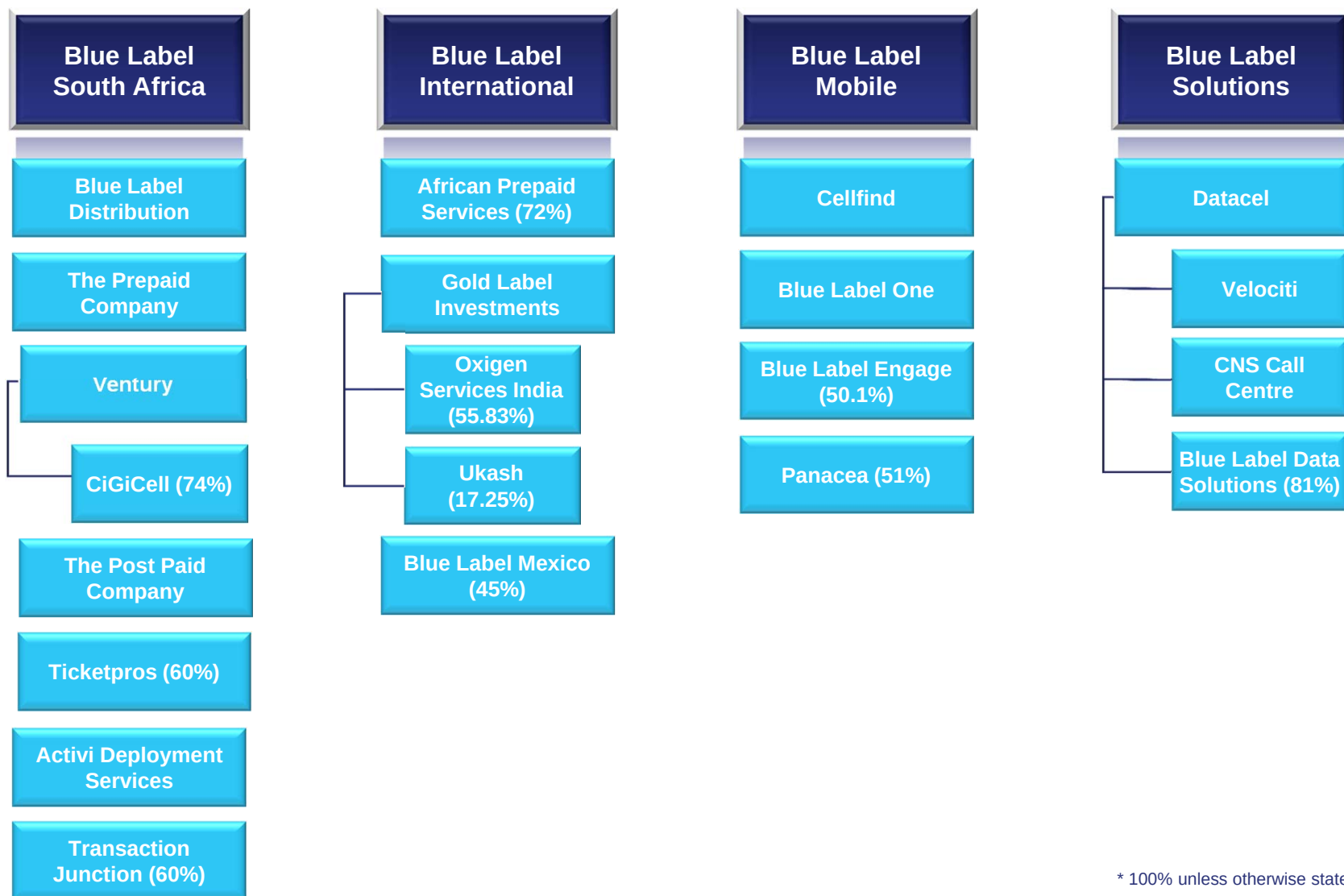




Supplementary Information



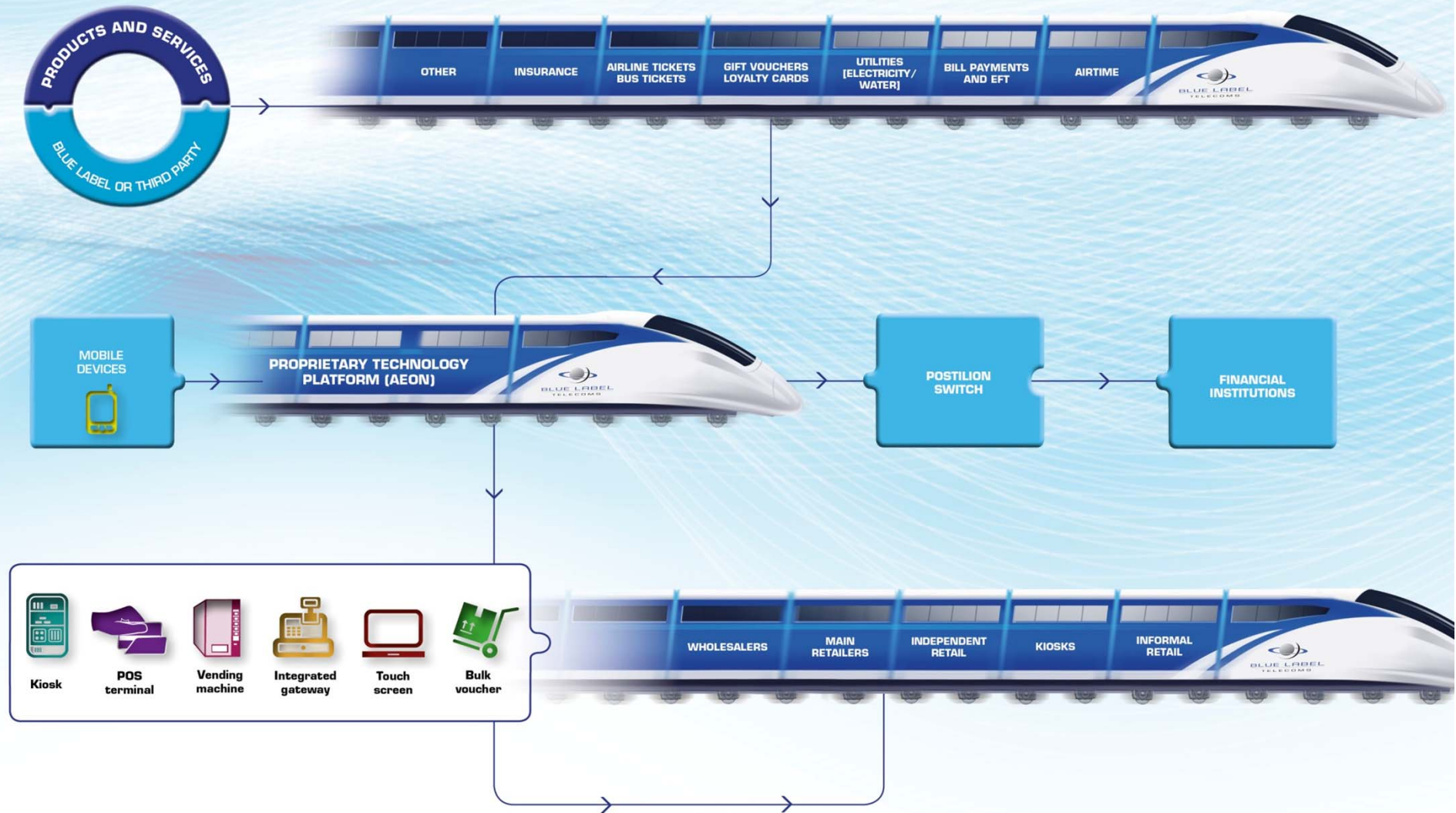
Supplementary – Group Structure



* 100% unless otherwise stated

Supplementary – Technical Overview

Business illustrated



Supplementary – Blue Label factsheet



- **Founded in 2001**
- **1103 employees**
- **Business model underpinned by long-term contracts**
- **Income drivers:**
 - **sales of commodity – 43%**
 - **annuity income – 53%**
 - **interest earned – 4%**
- **Listed as BLU on JSE in 2007, ADR's launched in 2013**
- **~R5.5 billion market capitalisation (at R8.00/share)**
- **Free float ~55% with diverse shareholder base**
- **Maiden dividend paid in Sep 2010**



- Lag times in negotiating supplier and customer contracts can hinder integration
- Long term contracts – to ensure there is no cheaper pricing in the market
- Lock-out periods for processing new and developing existing technologies. Roll-out of devices takes time
- Time: as customers prioritise systems' integration for their own needs/objectives and/or products and services (customer, forecourt, municipality, utility, bank, retailer – minimum 18 months)
- Technology platforms – AEON (proprietary, agnostic, plug 'n play, proven, scalable, no fees to others) and Postilion (banking and financial services grade)
- Solid distribution channel in SA with >150,000 POP'S and growing reach in India (~130,000 POP's) and Mexico (~60,000 POP's)
- 3-pillars income model in SA of commodity (43%), annuity (53%) and interest earned (4%)
- Reputable local partners is key to business model
- Trust and relationships of over 12 years in business
- These are some of our greatest assets, achieved through long-term contracts with customers and suppliers.
- Same barriers can hinder us entering new markets

VERTICAL PEERS

- 
- Euronet Worldwide – Nasdaq listed
 - NET 1 – Nasdaq listed
 - PayPoint – LSE listed
 - PayPal – held by eBay
 - Cyberplat – Russian base
 - Qiwi – Russian base
 - InComm – held privately in USA
 - Blackhawk Network – Nasdaq listed

HORIZONTAL PEERS - ELECTRICITY

- 
- Easypay
 - Itron
 - Syntel
 - Conlog

Supplementary - Top beneficial shareholders

- Allan Gray clients – 17%
- Shotput Investments – 14.8%
- B M Levy – 12.3%
- M S Levy – 11.2%
- RECM clients – 5.1%
- Fidelity Investments – 4.8%
- Nedbank Group – 2.7%
- Investec Investments (UK) – 2.8%
- Wellington Management – 2.2%
- Government Employee Pension Fund – 2%
- Blue Label - 2% (treasury)

Shareholders of >2% of issued share capital
account for ~75% of total issued share capital
as at 31 May 2013



Supplementary – ADR Program



- American Depositary Receipts program
- CUSIP No: 095648101
- Ticker name: BULBY
- Level: 1
- Ratio: 10 BLU ordinaries equals 1 BULBY
- Sponsor: Bank of New York Mellon
- Launched: February 2013

