Blue Label Telecoms Limited
(Incorporated in the Republic of South Africa)
(Registration number 2006/022679/06)
Share code: BLU ISIN: ZAE000109088
("Blue Label" or "the Group")

Updated trading statement for the six month period ended 30 November 2019

Shareholders are advised that the basic, headline and core headline earnings per share for the six month period ended 30 November 2019 will increase by more than 20% in comparison to the period ended 30 November 2018. The table below illustrates the ranges anticipated against the comparative period:

	Nov 2018 cents per share	Range Nov 2019 cents per share	Increase to Nov 2018 cents per share
Earnings/(loss) per share	(12.59)	34.20 – 35.46	46.79 – 48.05
Headline earnings/(loss) per share	(15.02)	39.24 – 40.74	54.26 – 55.76
Core headline earnings/(loss) per share	(11.39)	42.61 – 43.75	54.00 – 55.14

The Blue Label Group generated further growth in revenue, gross profit and core headline earnings per share for the six month period ended 30 November 2019. This was a resilient performance in an adverse economic environment. The Group continues to increase market share and bolster its product and services mix to defend and grow its positions in the market.

The comparative period reflected fair value losses of R493 million relating to the exposure to SPV1 and SPV2 (as referred to in the SENS announcement dated 22nd of February 2019) as well as to the recognition of the Group's share of equity accounted losses in Cell C of R133 million. On exclusion of these negative contributions, core headline earnings amounted to R487 million in that period.

No further fair value losses relating to the SPV's were recognised in the current reporting period as the exposure thereto was fully accounted for as at 31 May 2019. As the carrying value of Blue Label's investment in Cell C was fully impaired for the year ended 31 May 2019, the financial results of Cell C during the current period did not have any impact on Blue Label's earnings for this reporting period.

The above two factors are the primary contributors to the growth in earnings.

Core headline earnings for the current period amounted to R390 million, inclusive of non-recurring once off costs of R61 million, of which R50 million pertained to extraneous expenditure within the retail division and R11 million to a fair value loss as a consequence of providing for an increase in the put-option liability for the acquisition of the remaining 40% minority share of Airvantage and AV Technology which will be settled during the current calendar year.

The comparative period of R487 million included income of R48 million, of which foreign exchange gains accounted for R25 million and finance income for R13 million. These movements related to loans provided to Oxigen Services India and 2DFine Holdings Mauritius. No further income in this regard was accounted for in the current reporting period as the loans were fully impaired as at 31 May 2019. The balance of R10 million related to a fair value gain as a result of providing for a decline in the put-option liability mentioned above.

On exclusion of the above extraneous costs of R61 million in the current period and the non-recurring income of R48 million in the comparative period, core headline earning generated from trading operations increased from R439 million to R451 million.

The financial information on which this trading statement is based has not been reviewed or audited by the Group's auditors.

Sandton
24 February 2020
Sponsor: Investec Bank Limited