



BLUE LABEL
TELECOMS

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 "Company")

POSTING OF CIRCULAR, NOTICE OF GENERAL MEETING AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Blue Label shareholders ("**Shareholders**") are referred to the announcement released by Blue Label on the Stock Exchange News Service ("**SENS**") of the JSE Limited on Monday, 19 June 2017 ("**Transaction Announcement**"), regarding the amended terms of the proposed participation by Blue Label in the recapitalisation of Cell C Proprietary Limited ("**Cell C**"), including the associated R2.75 billion Blue Label vendor consideration placement ("**Proposed Transaction**").

The Transaction Announcement detailed, *inter alia*, that Blue Label:

- through its wholly owned subsidiary, The Prepaid Company Proprietary Limited ("**TPC**"), has signed the final equity transaction agreements applicable to the Cell C recapitalisation;
- anticipates issuing an updated circular, and convening a general meeting before the end of July 2017 in order to seek the approval of Shareholders for the amendments to the Cell C recapitalisation; and
- has obtained irrevocable undertakings from approximately 53% of Shareholders to vote in favour of the Proposed Transaction.

2. POSTING OF THE CIRCULAR AND NOTICE OF GENERAL MEETING

Shareholders are hereby advised that a circular ("**Circular**") has been posted to Shareholders today, containing, *inter alia*:

- details of the Proposed Transaction;
- details of the resolutions to approve the Proposed Transaction, and place authorised but unissued Blue Label shares under the control of the directors for the purposes of the vendor consideration placement pursuant to Blue Label's participation in the Cell C recapitalisation, as well as the acquisition in respect of 3G Mobile Proprietary Limited (as set out in the SENS announcement on 27 June 2017); and
- a notice convening the general meeting of Shareholders.

Shareholders are advised to review the Circular for detailed terms regarding the abovementioned transactions.

Notice is hereby given that the General Meeting of Blue Label shareholders will be held at Blue Label's corporate offices, 75 Grayston Drive, Sandton on Wednesday, 26 July 2017 at 10:00 to consider and, if deemed fit, pass, with or without modification, the resolutions necessary to implement the abovementioned transactions.

The Circular and notice of General Meeting, is also available on the Company's website www.bluelabeltelecoms.co.za

3. IMPORTANT DATES AND TIMES

The important dates and times in relation to the General Meeting are set out below:

	2017
Record date to determine which Shareholders are eligible to receive the notice of General Meeting	Thursday, 15 June
Circular and notice of General Meeting posted to Shareholders and announced on SENS on	Tuesday, 27 June
Last day to trade in Blue Label shares in order to be recorded in its securities register to vote at the General Meeting	Tuesday, 11 July
Record date to be entitled to attend, participate in and vote at the General Meeting by close of trading on	Friday, 14 July
Form of proxy for the General Meeting requested to be received by the transfer secretaries by no later than 10:00 on	Monday, 24 July
General Meeting held at 10:00 on	Wednesday, 26 July
Results of the General Meeting announced on SENS on	Wednesday, 26 July
Announcement as to the fulfilment of all conditions precedent to the Proposed Transaction released on SENS	To be advised

Notes:

1. The above dates and times are subject to amendment at the discretion of Blue Label. Any such amendment will be released on SENS.
2. Shareholders should note that as transactions in Blue Label shares are settled in the electronic settlement system used by Strate, settlement of trades takes place 3 business days after such trade. Therefore Shareholders who acquire Blue Label Shares after Tuesday, 11 July 2017 will not be eligible to attend, participate in and to vote at the General Meeting.
3. All times are local times in South Africa.

4. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The table below sets out the pro forma financial effects of the Proposed Transaction on the published unaudited results of the Blue Label group for the half year ended 30 November 2016. The pro forma financial effects have been prepared for illustrative purposes only and because of their pro forma nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Proposed Transaction going forward.

The pro forma financial effects have been prepared using accounting policies that comply with International Financial Reporting Standards ("IFRS") and that are consistent with those applied in the published unaudited results of the Blue Label group for the half year ended 30 November 2016. The pro forma financial effects are presented in accordance with the listings requirements of the JSE Limited ("**Listings Requirements**"), the Guide on Pro Forma Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420 (Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus).

The directors of the Company are responsible for the compilation, contents and preparation of the pro forma financial effects. Their responsibility includes determining that the pro forma financial effects have been properly compiled on the basis stated, which is consistent with the accounting policies of the Blue Label group and that the pro forma adjustments are appropriate for purposes of the pro forma financial information disclosed pursuant to the Listings Requirements.

	Before ¹	Pro forma after the Proposed Transaction²	Change
	(cents)	(cents)	(%)
Basic earnings per share	81.78	17.96	(78.0%)
Diluted basic earnings per share**	81.12	17.84	(78.0%)
Headline earnings per share	81.78	17.34	(78.8%)
Diluted headline earnings per share**	81.12	17.23	(78.8%)
Core headline earnings per share*	82.86	18.69	(77.4%)
Net asset value per share	695.78	864.83	24.3%
Net tangible asset value per share ³	521.30	727.64	39.6%
Weighted average number of shares ('000)	666,665	849,998	
Diluted weighted average number of shares ('000)	672,077	855,410	
Number of shares in issue ('000)	674,509	857,842	

* Core headline earnings per share is calculated after adding back to headline earnings, the amortisation of intangible assets as a consequence of the purchase price allocations completed in terms of IFRS 3(R): Business Combinations.

** Diluted earnings per share and diluted headline earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding for the number of shares that would be issued on vesting under the employee forfeitable share plan.

Notes:

1. The "Before" column is based on the published unaudited results of the Blue Label group for the half year ended 30 November 2016.

2. The "Pro forma after the Proposed Transaction" column has been calculated on the basis that all of the steps to implement the Cell C recapitalisation and the Proposed Transaction have been completed and is stated after considering the Cell C recapitalisation and Blue Label group pro forma adjustments.

The effects on earnings, diluted earnings, headline earnings, diluted headline earnings and core headline earnings per share are calculated on the basis that the Cell C recapitalisation and the Proposed Transaction were effective on 1 June 2016, while the effects on net asset value and net tangible asset value per share are calculated on the basis that the Cell C recapitalisation and the Proposed Transaction were effective on 30 November 2016 for purposes of presenting the pro forma effects thereof on the Blue Label group.

The increase in the weighted average, diluted weighted average and total number of Blue Label shares in issue is congruent with the new Blue Label shares issued for the Cell C vendor consideration placement.

3. Net tangible asset value is calculated as net asset value attributable to the owner of the parent, less the value of goodwill, other intangible assets and deferred tax assets attributable to the owner of the parent.
4. The detailed notes and assumptions to the pro forma financial effects are presented in the Circular and the pro forma financial effects should be read in conjunction with the pro forma condensed group statement of financial position and the pro forma condensed group statement of comprehensive income contained therein. The independent reporting accountant's assurance report on the pro forma financial effects and pro forma financial information is contained in the Circular.

5. PROSPECTS

1. The Board is of the opinion that the Proposed Transaction provides a compelling value proposition to Blue Label, as well as to Cell C, and its customers, affording both companies the opportunity to realise synergies in product distribution, and positioning Blue Label to benefit from the improved operational and financial performance that the investment in Cell C will create.
2. At an EBITDA level, Cell C achieved a significant positive improvement from the year ended 31 December 2015 to 31 December 2016. Based on its performance during its current financial year to date, Cell C management are confident that it will perpetuate this growth for the remainder of its financial year ending 31 December 2017 and expect this momentum to continue thereafter.
3. The investment in Cell C will have no effect on the dividend policy for the 2017 financial year.
4. The information reported above has not been reviewed, audited or reported on by the Company's auditors.

6. WITHDRAWAL OF CAUTIONARY

Shareholders are referred to the renewal of the cautionary announcement contained in the Transaction Announcement, and are hereby advised that as the pro forma financial effects of the Proposed Transaction are detailed above, caution is no longer required to be exercised when dealing in the shares of the Company.

By order of the board

Sandton
27 June 2017

Financial Adviser and Sponsor

Investec Bank Limited

Legal Adviser to Blue Label

Werksmans Inc.

Reporting accountants to Blue Label

PricewaterhouseCoopers Inc.