

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")

Trading statement for the six months ended 30 November 2016

Shareholders are advised that the basic, headline and core headline earnings per share for the six months ended 30 November 2016 are expected to increase by more than 20% as against the six months ended 30 November 2015. The table below illustrates the ranges anticipated against the comparative period:

	Earnings per share Reported Nov 2015	Earnings per share Range Nov 2016	Cents Increase to Nov 2016	Percentage Increase
Earnings per share	52.46c	80.79c - 82.89c	28.33c - 30.43c	54% - 58%
Headline earnings per share	53.26c	80.96c - 83.09c	27.70c - 29.83c	52% - 56%
Core headline earnings per share	54.60c	81.90c - 84.63c	27.30c - 30.03c	50% - 55%

The Group, through its wholly-owned subsidiary Gold Label Investments, holds an effective 58.18% interest in Oxigen Services India ("Oxigen"). This investment has historically been accounted for as an investment in an associate applying the equity method up to 30 November 2016.

The investment in Oxigen was initially of a long term nature as it was expected to emulate the business model of the South African distribution operations. However, its profile has changed from that of the traditional group business to one of generating growth in the market value of the investment with a view to unlocking the Group's share thereof. With the advent of its change in focus to financial services through wallet subscription, it is no longer strategically aligned with the other business units of the group and is unlikely to generate profitability in the short to medium term. However, the market value of the company is expected to increase exponentially in conjunction with its growth in wallet subscribers. This in turn creates the potential to unlock the investment value in the future and the group is pursuing this new strategy with respect to its investment in Oxigen.

Accordingly, Oxigen is now viewed as a venture capital investment, which in accordance with IAS 28 - Investment in Associates and Joint Ventures has been accounted for at fair value as at 30 November 2016. The differential between the carrying value of the investment and its fair value is reflected as a gain on associate measured at fair value.

The fair value gain, less deferred taxation thereon and the Group's share of losses in Oxigen for the period under review, equated to a net increase of R135 million to Group earnings. On exclusion of this net increase, core headline earnings per share would have ranged from between 62.25 cents and 63.34 cents per share, equating to a growth of between 14% and 16%. This increase is

predominantly attributable to organic growth, underpinned by a hybrid of an expanded customer base supported by an enhanced bouquet of products and services afforded to it.

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

The results are scheduled for release on Tuesday, 28 February 2017.

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17 February 2017

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