

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 year ended 31 May 2019

Shareholders are advised that the basic, headline and core headline earnings per share for the year ended 31 May 2019 are expected to decrease by more than 20% in comparison to the year ended 31 May 2018. The table below illustrates the ranges anticipated against the comparative year:

	May 2018 cents per share	Range May 2019 cents per share	Decrease to May 2018 cents per share
Earnings per share	116.12	(729.81) – (725.81)	(845.93) – (841.93)
Headline earnings per share	115.42	(314.49) – (310.49)	(429.91) – (425.91)
Core headline earnings per share	120.61	(306.77) – (302.77)	(427.38) – (423.38)

Although the core businesses of the Blue Label group continued to generate profits, the predominant negative contributions to the May 2019 basic, headline and core headline earnings per share were attributable to:

- Cell C's trading losses, impairment of its property, plant and equipment, the impact of a de-recognition of its deferred tax asset and the impairment of Blue Label's total investment therein.
- Fair value downward adjustments of the complete exposure relating to SPV1 and SPV2 (the structure of SPV1 and SPV2 was detailed in the trading statement published on SENS on 22 February 2019).
- A fair value downward adjustment of Glozell Distribution, attributable to the impact of unfavourable wholesale trading conditions therein.
- An Impairment of Blue Label's total investment in the Oxigen India group, including 2Dfine Holdings Mauritius, (collectively, "OSI") as well as providing for loan impairments and guarantees payable therein. This was attributable to an anticipated corporate transaction not materialising.
- Partial impairments of goodwill relating to Viamedia and Blue Label Connect and a partial impairment of the investment in the SupaPesa joint venture.

The underlying table illustrates the negative impact of the above on basic, headline and core headline earnings per share:

	31 May 2019		
	cents per share		
	Effect on EPS	Effect on HEPS	Effect on core HEPS
Cell C trading losses and related impairments	(671.33)	(287.65)	(286.51)
Fair value downward adjustments	(91.75)	(91.75)	(91.75)
Indian operations trading losses and related impairments	(43.60)	(25.46)	(25.46)
Other material impairments	(16.05)	-	-
Total	(822.73)	(404.86)	(403.72)
Weighted average number of shares	913,208,055	913,208,055	913,208,055

On exclusion of the above, the Group expects core headline earnings from the balance of the entities within the Blue Label group to be between R885 million and R922 million compared to R716 million in the prior year. This equates to a growth of between 24% and 29%.

After taking into account the increase in the weighted average number of shares in issue, core headline earnings per share from the balance of the entities within the Blue Label group is expected to be between 96.95 cents and 100.95 cents for the year ended 31 May 2019, compared to 83.65 cents in the prior year. This represents an increase of between 16% and 21% on the prior year.

Shareholders are referred to the SENS announcements on the 22nd February 2019 and the 7th August 2019 relating to the implementation of a national roaming agreement as well as the recapitalisation of Cell C, which remain in progress.

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

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19 September 2019

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