

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-month period ended 30 November 2023

Shareholders are advised that basic, headline and core headline earnings per share for the six-month period ended 30 November 2023 will increase by more than 20% in comparison to the six-month period ended 30 November 2022 ("comparative period").

The table below illustrates the ranges anticipated against the comparative period:

	Nov 2022 cents per share	Range Nov 2023 cents per share
Earnings per share	(8.74)	45.49 – 45.84
Headline earnings per share	2.09	45.87 – 45.95
Core headline earnings per share	3.94	47.07 – 47.23

Core headline earnings for the period ended 30 November 2023 amounted to R420 million (November 2022: R35 million), equating to core headline earnings of 47.15 cents per share (November 2022: 3.94 cents per share).

Excluding the positive contributions of R65 million in the current period, as illustrated in Note 1 below, and the negative contributions of R421 million in the comparative period, primarily resulting from the recapitalisation transaction of Cell C, core headline earnings declined by R100 million (22%) from R455 million to R355 million and core headline earnings per share declined by 23% from 51.72 cents per share in the comparative period to 39.90 cents per share.

This decline in core headline earnings was attributable to a decrease of R119 million in Comm Equipment Company (CEC), while the remaining entities within the Group increased by R19 million (10%) compared to the comparative period. The anticipated decline in CEC's core headline earnings was a result of a decline in gross profit stemming from increased expenditure related to the distribution agreement, as well as a significant increase in the expected credit loss compared to the comparative period. This increase aligns with the expansion of CEC's subscriber base and the deteriorating macroeconomic environment in South Africa, characterised by rising interest rates, power outages, and a depreciating rand. CEC has increased its ECLs in anticipation of heightened future losses, aligning with the approach taken by other consumer lenders.

On exclusion of the positive and negative contributions from both the current and comparative periods, primarily resulting from the recapitalisation transaction of Cell C, earnings per share and headline earnings per share declined by 23% to 38.42 cents per share and by 22% to 38.66 cents per share, respectively.

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

Note 1:

The net positive contributions to the November 2023 basic, headline and core headline earnings per share, resulting from the recapitalisation transaction of Cell C, were attributable to:

- expected credit losses and fair value movements of R3 million;
- gain on modification of the Class A Preference shares amounting to R11 million;
- finance costs of R178 million resulting from increased borrowings related to airtime sale and repurchase obligations, as well as the issuance of Class A Preference Shares; and
- finance income of R273 million resulting from the loan to Cell C for its debt funding requirements.

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15 February 2024

Sponsor: Investec Bank Limited