

business overview

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Founded 2001, listed on JSE (2007)

2008 actual revenue: R12,55 billion

Employees: 1 800

Headquarters: Johannesburg – offices throughout South Africa

Operations: Africa, India, Europe (Latin America and Australia post year-end)

Key shareholder: Microsoft Corp owns 12% of BLT and 38,85% of Oxigen India

Retail points-of-presence: In excess of several hundred thousand

Transactions: ±400 million separate monthly transactions

Clients include: Ackermans, Clicks, Metcash, Mr Price, PEP, PnP, Shoprite, SPAR

Business model

- The high volume distribution and sale of e-tokens of value and complementary services leveraging off a favourable working capital cycle.

Target market

- Globally: focused on serving all consumers within the world's economic pyramid
- Locally: focused on serving the total domestic market, in particular unbanked or badly banked consumers

Market share

- 60% share of local prepaid airtime market (South Africa's total prepaid airtime revenue for the last year is estimated to be R20,3 billion of which R12,2 billion was distributed by group related companies)
- Group's approximate minutes of use sold Vodacom: 68%; MTN: 18%; Telkom: 10%; and Cell C: 4%

Revenue streams from telecommunication segments

Trading revenue from sale of e-tokens

As a super distributor of virtual and physical mobile and fixed line prepaid airtime, the group earns a margin on the sale of e-tokens through its wholesale, retail and merchant distribution footprint

The current economic slowdown has seen many postpaid consumers migrate toward prepaid in order to enhance their financial flexibility and control their airtime spend. In general, prepaid consumers are purchasing airtime in lower denominations whilst also benefiting from the variable call discounts recently introduced by the major mobile networks

Trading and annuity revenue from sale of starter packs

Activation bonus

The group activates in excess of 200 000 starter packs per month – earning a rebate on each successful activation

Retention revenue

In addition, the group earns ongoing annuity revenue for the life of each starter pack and has successfully introduced loyalty campaigns to decrease the churn on its starter pack base to less than 25% per annum

Revenue streams from subscription based services

Annuity revenue from subscription based services

- The group earns annuity revenue from its subscription based businesses and customer retention remains a key focus
- Launching additional product and service offerings to new and existing subscriber bases enhances annuity revenue

Interest income

- The group's high volumes coupled with its favourable trading terms, generate significant interest income
- South Africa's inflation rate is not expected to return to its target range of 3% to 6% before 2010.
- Interest rates are therefore likely to remain within their current range in the short to medium term

