

IMAGINATION
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BLUE LABEL TELECOMS UPDATE

Conference Call
26 October 2022



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AGENDA

- 1 General update
- 2 Cell C debt restructure summary
- 3 Balance sheet exposure to Cell C
- 4 Source and use of funds for recapitalisation
- 5 BLT Borrowings pre/post recapitalisation

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GENERAL UPDATE

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CELL C DEBT RESTRUCTURE SUMMARY

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CELL C RECAPITALISATION EXIT OFFER & INVESTMENT SUMMARY

CAPITAL AND DEBT RESTRUCTURE	TPC - New money	TPC - Reinvestment Instrument	TPC - Total	Reinvesting ICA lenders	Non-reinvesting ICA lenders	TOTAL DEBT RESTRUCTURE	Cents on the ZAR
Debt owing to secured lenders at November 2019	-	-	-	1 593 785 385	5 718 719 485	7 312 504 870	100c
Cash out at 20c to the ZAR	-	-	-	(318 757 077)	(1 143 743 897)	(1 462 500 974)	-20c
Reinvestment amount	1 032 631 724	111 112 173	1 143 743 897	318 757 077	-	1 462 500 974	20c
Reinvestment amount at 2.75 multiplier ("Capital amount")	2 839 737 241	305 558 476	3 145 295 717	876 581 962	-	4 021 877 679	55c
First tranche capital payments	(1 032 631 724)	(305 558 476)	(1 338 190 200)	(876 581 962)	-	(2 214 772 162)	
Second tranche capital payment	(1 807 105 517)	-	(1 807 105 517)	-	-	(1 807 105 517)	
Total Capital amount repaid	(2 839 737 241)	(305 558 476)	(3 145 295 717)	(876 581 962)	-	(4 021 877 679)	
Interest rate months 0-24 (capitalised monthly calculated with reference to Capital amount)	0%	0%		5%	N/A		
Interest rate months 25 - 42 (settled monthly calculated with reference to Capital amount)	10%	10%		10%	N/A		
Interest rate months 43 - 66 (settled monthly calculated with reference to Capital amount less first tranche capital repayment)	Prime + 300 bp	N/A		N/A	N/A		

TPC DEBT FUNDING TO CELL C PER FY-END

* TPC - New money and Reinvestment Instrument	31-May-23	31-May-24	31-May-25	31-May-26	31-May-27	31-May-28	TOTAL
Reinvestment amount/opening balance	1 143 743 897	1 396 922 069	1 885 817 944	2 317 040 436	1 373 074 886	1 580 594 425	1 143 743 897
Interest accrued based on 2.75 multiplier	253 178 172	488 895 874	431 222 492	394 224 650	207 519 539	226 511 092	2 001 551 820
Capital amount	1 396 922 069	1 885 817 944	2 317 040 436	2 711 265 086	1 580 594 425	1 807 105 517	3 145 295 717
Interest accrued on Capital balance	-	-	209 686 381	300 508 969	230 405 953	192 004 961	932 606 264
Interest paid	-	-	(209 686 381)	(300 508 969)	(230 405 953)	(192 004 961)	(932 606 264)
Capital payment received	-	-	-	(1 338 190 200)	-	(1 807 105 517)	(3 145 295 717)
Closing balance	1 396 922 069	1 885 817 944	2 317 040 436	1 373 074 886	1 580 594 425	-	-

*

Excludes ECL and fair value considerations

REINVESTED DEBT - CAPITAL & INTEREST SUMMARY

Over the tenure of the debt

	TPC - New money	TPC - Reinvestment	TPC - TOTAL	Reinvesting ICA lenders	TOTAL
Reinvestment amount/opening balance	1 032 631 724	111 112 173	1 143 743 897	318 757 077	1 462 500 974
Interest accrued based on 2.75 multiplier	1 807 105 517	194 446 303	2 001 551 820	557 824 885	2 559 376 705
Capital amount	2 839 737 241	305 558 476	3 145 295 717	876 581 962	4 021 877 679
Interest accrued on Capital balance	886 772 493	45 833 771	932 606 264	225 525 428	1 158 131 693
Interest paid	(886 772 493)	(45 833 771)	(932 606 264)	(225 525 428)	(1 158 131 693)
Capital payment received	(2 839 737 241)	(305 558 476)	(3 145 295 717)	(876 581 962)	(4 021 877 679)
Closing balance	-	-	-	-	-



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BALANCE SHEET EXPOSURE TO CELL C

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DIRECT CELL C EXPOSURE

Excludes ECL and fair value considerations

	Pre recapitalisation (August 2022)	Post recapitalisation (September 2022)
Trade receivables	43 319 754	67 310 497
Other receivables	47 100 000	118 565 790
Trade claims acquired - \$4m	47 100 000	65 191 000
Trade claims acquired - R12 million plus US\$2.2 million	-	53 374 790
Loans receivable	1 974 000 000	2 243 743 897
CEC*	1 974 000 000	1 100 000 000
TPC - New money **	-	1 032 631 724
TPC - Reinvestment Instrument**	-	111 112 173
Cell C inventory	828 892 646	2 216 180 062

*Prior to the recapitalisation transaction, this amount was disclosed in trade receivables

**The loans are recognised on Day 1 at the transaction price with the delta to the Capital amount being recognised as an interest income over the term of the loan applying the effective interest rate

INDIRECT CELL C EXPOSURE

Excludes ECL and fair value considerations

	Pre recapitalisation (August 2022)	Post recapitalisation (September 2022)
Debt notes in Cedar Cellular Investment 1 (SPV1)*	-	25 000 000
Loan to K2021889191 (SPV4) to acquire shares in Cell C owned SPV2	-	223 000 000

*The notes which TPC owned in SPV1 prior to the recapitalisation are carried at a fair value of R0

FINANCIAL INSTITUTION & THIRD-PARTY BORROWINGS EXPOSURE

	Pre recapitalisation (August 2022)	Post recapitalisation (September 2022)
Third-party airtime repurchase*	-	217 391 304
Bank airtime repurchase*	-	1 471 304 348

*As TPC has an obligation to repurchase the pre-paid airtime which it sells at a premium to the price at which it sells it, the transaction is a financing transaction and will be treated substance over form as a loan, i.e. no sale recognised in the income statement nor inventory derecognised on the balance sheet. The loan is initially recorded at the ex VAT sale price of the initial sale of the pre-paid airtime.



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SOURCE & USE OF FUNDS FOR RECAPITALISATION

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APPLICATION OF FUNDS

SOURCE OF FUNDS IN FINANCING THE RECAPITALISATION

Bank airtime repurchase	1 692 000 000
Third-party airtime repurchase	250 000 000
Facility A increase (R1.125bn to R1.4bn)	275 000 000
Working capital utilised	585 309 687
TOTAL FUNDS APPLIED	2 802 309 687

UTILISATION OF FUNDS IN FINANCING THE RECAPITALISATION

Day 1 pre-purchase of Cell C airtime	(1 200 000 000)
TPC New Money	(1 032 631 724)
TPC Re-investment instrument	(111 112 173)
Acquisition of debt notes in Cedar Cellular Investment ¹ (SPV1)	(25 000 000)
Trade claims acquired	(118 565 790)
Trade claims acquired - \$4m	(65 191 000)
Trade claims acquired - R12 million plus US\$2.2 million	(53 374 790)
Advance of loan to SPV4	(223 000 000)
Raising fee on the airtime repurchase agreement	(92 000 000)
TOTAL outflows	(2 802 309 687)

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BLT BORROWINGS PRE/POST RECAPITALISATION

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BLT BORROWINGS

Borrowings	Pre recapitalisation (August 2022)	Post recapitalisation (September 2022)	Summary of repayment terms
Africa Bank Limited	1 719 049 989	1 741 402 157	Revolving credit facility with drawdowns available until October 2023 and final settlement date of November 2025
Working capital Facility A	1 125 000 000	1 400 000 000	Tranche A will be amortised at ZAR20 million per month from months 13 – 24 with tranche B being settled as a bullet at the end of 24 months
Third-party airtime repurchase obligation	-	217 391 304	Repayable in equal monthly instalments over 18 months
Bank airtime repurchase obligation	-	1 471 304 348	Repayable in equal bi-monthly instalments over 24 months
	2 844 049 989	4 830 097 809	



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THANK YOU

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Examples of such forward-looking statements include, but are not limited to, statements regarding exchange rate fluctuations, volume growth, increases in market share, total shareholder return and cost reductions. Words such as “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

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