



ANNUAL GENERAL MEETING

26 October, 2018

Vita Group Limited (VTG)



Agenda

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FY18 recap

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Strategy: FY19 and beyond

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Our key categories

- a) Information and Communication Technology (ICT)
- b) Non-Invasive Medical Aesthetics (NIMA)

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Summary

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Resolutions



FY18 Recap

- Group revenues a record \$684.5m, up 3% on prior year
- Gross operating margin \$211.3m, down from \$242.9m in prior year
 - Remuneration changes, mix movements
- Operating costs down 4% to \$182.1m, including addition of NIMA business
 - Support costs down 11%
- EBITDA \$41.0m, comfortably within previously communicated guidance
 - EBIT \$30.9m; NPAT \$22.0m
- Net cash \$16.4m, strong cash conversion
- Full year dividend 9.1 cps, at 65% of profits after tax
- Solid momentum into FY19

Strategy: FY19 & Beyond



- ICT channels still the core of the business
- Growing focus on emerging businesses, particularly non-invasive medical aesthetics
- Strategy always underpinned by focus on execution, high performing teams, and strong culture

The ICT Category

ICT market increasingly competitive

- Strong growth in demand for data
- Competition impacting margins
- Telcos looking for additional revenue streams and cost reduction
- ICT solutions and services in small business fragmented

Vita will continue to drive performance across retail and business channels

Retail ICT

- Reduce performance variation
- Focus unrelentingly on productivity and costs
- Optimise physical portfolio
- Drive under-leveraged opportunities (e.g. accessories, small business in retail locations)
- Transition smaller business customers (fewer than 10 seats) from old SMB model into existing retail
 - ▶ Business specialists in retail
 - ▶ Whole of business offering

Business ICT

- Review process to transition from TBC model to new premium TBTC (Telstra Business Technology Centre) model complete
- Vita to run four expanded territories
 - ▶ North Qld, Brisbane City, Central Coast (NSW), Sydney South
- First TBTC scheduled to open Q3 FY19
- Embed new model and drive profitability

The NIMA Category

The non-invasive medical aesthetics category is a significant growth industry.

1 Scope for growth and scale

- 10% CAGR
- Value \$1 billion p.a. in Australia
- Growing client base (e.g. men account for >10% of treatments; younger demographic growing)

2 High margins with a diverse and growing range of products and services

- New treatment modalities regularly emerging
- New uses for existing treatments growing (e.g. broader applications for injectables)

3 Fragmented, and ripe for consolidation and disruption

- There is a gap in the market for a premium, medically-led offering, at scale

4 Lends itself to Vita's core competency - consultative selling

- Consulting and personalised service key to delivering the best results and avoiding a 'product and price' focus. These are areas of significant strength for Vita.

Artisan: Our Strategy



Deliver a national network of destination clinics over five years

Clinical domains led by doctors, complemented by nurses and dermal clinicians

Medical operations led by Medical Director, supported by a training academy, to driver industry best practice

Premium, intimate bespoke experience for clients

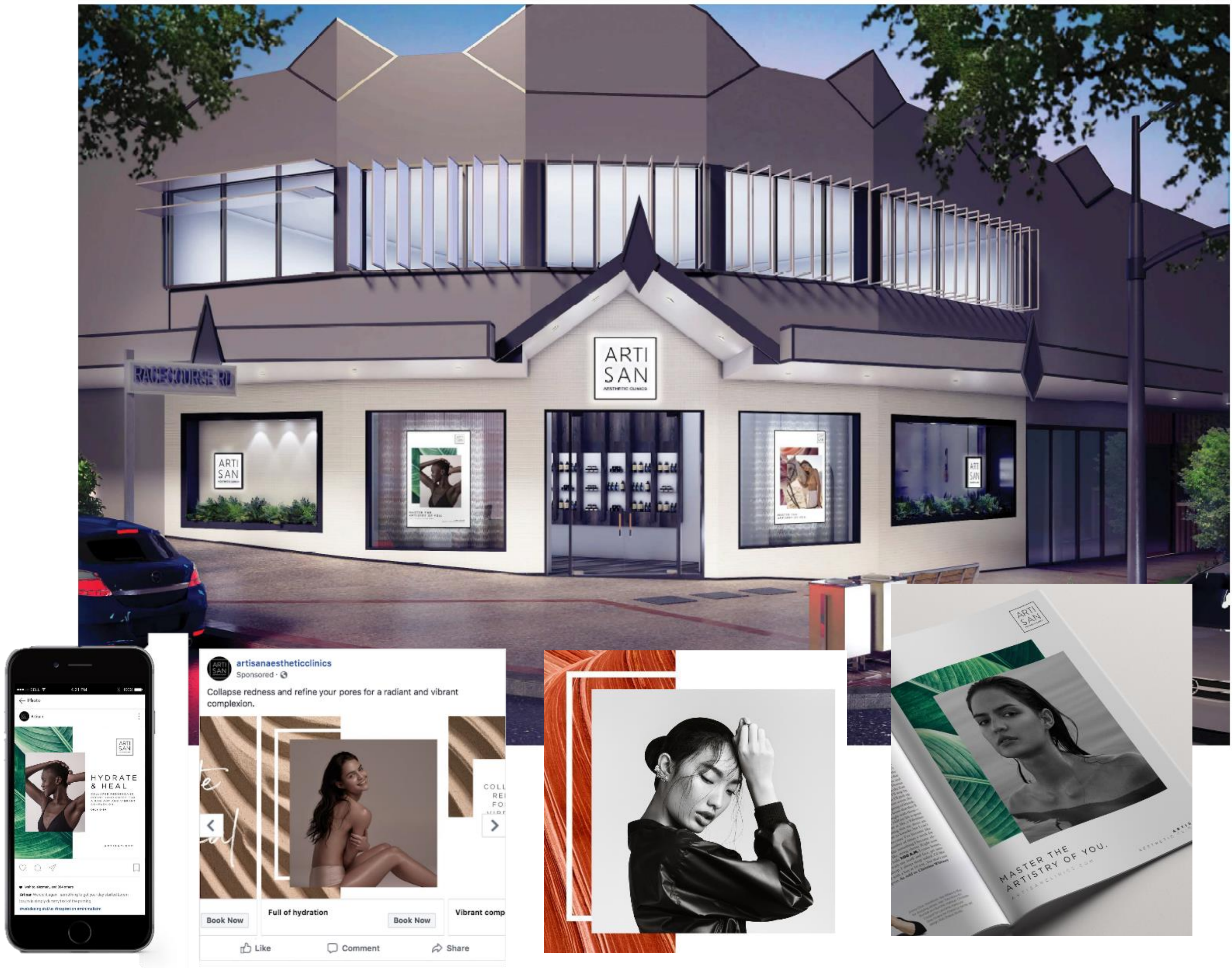
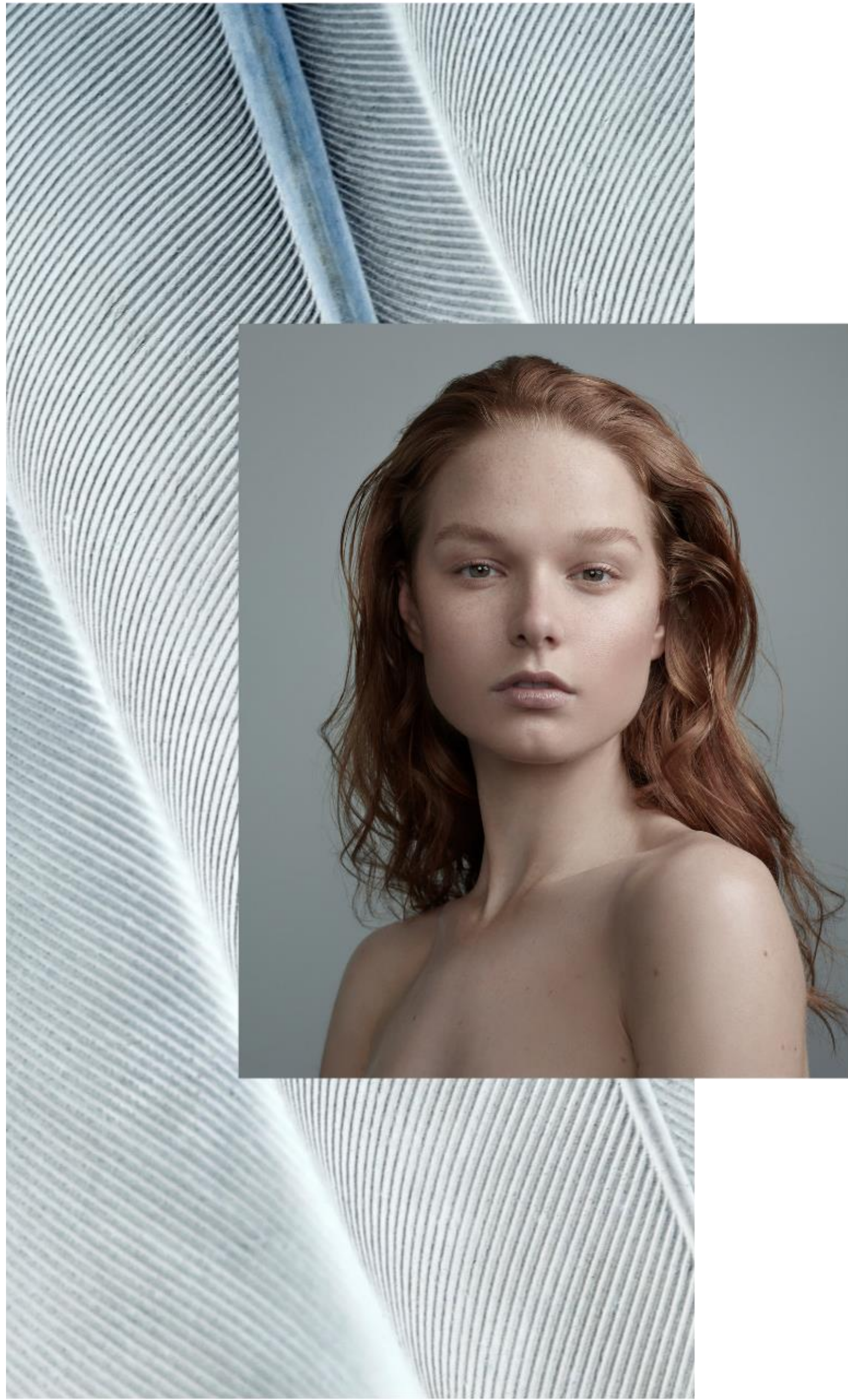
We will invest in Artisan, as a strong source of mid to long term growth and profitability

Artisan Progress



- Greenfield rollout commenced: new locations Q2 FY19
- New acquisition targets and greenfield locations evaluated
- Single brand established, clinics acquired to date to be rebranded to Artisan by end of Q4
- Premium service offering established, with treatments ranging from cosmetic injectables to laser and light therapies, skin treatments and body contouring
- Structure complete; new team in place, including Medical Director
- National training competency being established
- New CRM system, leveraging Vita's customer facing expertise and technology background





Vita Group: Our Future

Vita Group is strategically and financially well positioned

- Despite industry challenges, ICT profitable, generating strong cash flow and returns
- Non-invasive medical aesthetics is an exciting and material value creation opportunity
- Multi-brand capability established
- Strong and flexible balance sheet



Guidance: H1FY19

	H1 FY18	H1 FY19	Increase
EBITDA	\$20.0m	\$23.0m – 24.5m	15% – 23%
EBIT	\$15.7m	\$18.0m – \$19.4m	15% – 24%





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