



ASX ANNOUNCEMENT

Vita Group issues FY19 guidance and outlines FY20 plan and remuneration changes

7 June 2019

Vita Group today announced that it expects FY19 earnings before interest, tax, depreciation and amortisation (EBITDA) to be in the range of \$45 to \$46.5 million, subject to year-end completion and audit, representing growth of 10 to 13 per cent from FY18. This expected result is particularly reflective of strong performance in its Retail ICT and Sprout accessory businesses.

Vita also detailed changes in its remuneration construct with strategic partner, Telstra. As outlined in its T22 Strategy, Telstra will introduce new, simplified mobility plans to the market before the end of June 2019, which will necessitate revised remuneration arrangements.

Under the new remuneration arrangements, Vita expects to enjoy higher remuneration attached to the sale of devices, including smartphones, tablets, connected devices, wearables, and non-transactional performance metrics. Conversely, Vita expects to see lower remuneration from sales of connections to the Telstra network.

In addition, as announced in August 2017, Vita has agreed to forego some legacy remuneration components, amounting to approximately \$12 to 13 million per annum, effective 1 July 2019. These reductions were agreed in exchange for an extension of Vita's master license tenure (currently to 30 June 2024), the introduction of an annual performance-based extension mechanism, and an increase in the number of allowable Vita owned stores in the Telstra retail network to 115.

The net impact of these changes on group earnings will be dependent on Vita's success in selling across the ecosystem of Telstra products and services, as consumers and small businesses transition to the new plans. It is too early to determine the financial impact at this stage, given the new plans are yet to launch.

Vita Group Chief Executive Officer, Maxine Horne stated: "We have seen many changes to plan construction and channel remuneration, which have been necessary as markets, channels and products evolve. Whilst the FY20 changes are structurally significant, I am confident in the Vita team's ability to adapt to change. Our team will continue to consult with our customers to understand their needs and provide multi-product solutions. Our product knowledge is exceptional, our customer service second to none, and our Sprout accessories brand provides a great opportunity to create additional value."

Further enquiries:

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About Vita Group Vita Group is a consultative solutions provider, specialising in enhancing customers' way of life. Vita operates Telstra retail and business branded points of presence, Vita Enterprise Solutions, Sprout accessories, Artisan Aesthetic Clinics, Clear Complexions clinics and SQDAthletica. For further information, visit www.vitagroup.com.au.

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