FY19 Results
PRESENTATION

VITA GROUP LIMITED (VTG)

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FY19 HEADLINES

RECORD REVENUES

- $753.7m, up 10% on FY18
- Increase in sales of hardware and add-ons in ICT[1]
- Continued growth in Skin-health and Wellness[2] division

SOLID PROFIT GROWTH

- EBITDA $45.8m, up 12% on FY18
  - EBIT $34.7m, up 12%
  - NPAT $24.3m, up 10%
- Higher profit from Retail ICT and Sprout
- Investment in Skin-health and Wellness (brand, capability and scale)

FLEXIBLE BALANCE SHEET

- Efficient cash conversion
- No net debt

STRONG RESULT: STRATEGY ON TRACK

[1]Information and Communications Technology
[2]Previously referred to as Non-Invasive Medical Aesthetics (NIMA)

FY19 IN REVIEW

ICT
PERFORMANCE MOMENTUM

- Significant lift in ICT result, led by retail
- Growth in plan value, hardware and related adjacencies
- Team members supported and enabled with:
  - Best in class tools and processes
  - Coaching programs
- Value created through high quality customer consultations and personalised service
- Strategically aligned, long-term partnership with Telstra

SKIN-HEALTH & WELLNESS
ESTABLISHED & PRIMED FOR GROWTH

- Platform for growth established (Artisan brand, operating rhythms, systems, structures)
- Clinic network expansion:
  - Five clinic acquisitions
  - Three greenfield sites
- Training organisation (Face Academy) and proprietary software solution (cosmedcloud™) acquired
- Governance - medical board and clinical protocols in place

EXECUTING STRATEGY: KEY TO CONTINUED GROWTH

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INCOME STATEMENT - GROUP

($m unless otherwise stated)	FY19	FY18	Change
Revenue	753.7	684.5	10%
Gross Profit	229.7	211.3	9%
Gross Profit %	30.5%	30.9%	
EBITDA	45.8	41.0	12%
EBIT	34.7	30.9	12%
NPAT	24.3	22.0	10%

Full year dividend	14.9m	14.3m	4%
Full year dividend	9.2cps	9.1cps	1%
Earnings per share	15.04cps	14.13cps	6%

Group revenue up 10% to a record $753.7m

- ICT up, led by Retail ICT
- Skin-health and Wellness building

Gross profit up 9% to $229.7m

- Revenue growth
- Slight reduction in rate, reflecting mix

EBITDA up 12% to $45.8m

- ICT performance
- Investment in Skin-health and Wellness absorbed
- Comfortably in line with guidance
- EBIT up 12% to $34.7m; NPAT $24.3m, up 10%

Increased fully-franked dividend

- Dividend $14.9m, up 4%
- Full year dividend 9.2cps

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INCOME STATEMENT - ICT

($m unless otherwise stated)	FY19	FY18	Change
Revenue	739.3	677.5	9%
Gross Profit	219.6	207.3	6%
Gross Profit %	29.7%	30.6%	
EBITDA	79.3	70.1	13%
Points of presence[1] (at period end)	107	128	

[1]Points of presence lower as a result of closure of Telstra Business Centres, replaced by fewer Telstra Business Technology Centres in expanded territories

ICT revenue up 9% on FY18

- Retail ICT up 17% reflecting strength in plan value, hardware and adjacencies
- Business ICT down 42%, due to channel structure transformation including migration of small business customers to retail
- Sprout up 56%

Gross profit up 6% to $219.6m

- Robust sales volumes
- Solid average transaction values
- Adverse mix as a result of strong hardware sales

Productivity a key focus

- Continued focus on value creation and operational efficiency

EBITDA up 13% to $79.3m

INCOME STATEMENT - SKIN-HEALTH AND WELLNESS

($m unless otherwise stated)	FY19	FY18	Change
Revenue	13.7	6.5	111%
Gross Profit	9.7	4.5	116%
Gross Profit %	71.0%	70.0%	
EBITDA	(3.7)	(0.1)	
Points of presence (at period end)	13[1]	7	

[1]Number includes one clinic closure, and merger of two clinics

Revenue up 111% to $13.7m

- Revenue growth due to expansion of clinic network
  - 13[1] points of presence across Qld, ACT, NSW, and Vic

Gross profit up 116% to $9.7m

- Strong gross margin rates

Investment

- Operating costs reflect significant investment in brand, capability, training, IT solutions, and medical governance

EBITDA

- Reflects capability investments made, and greenfield additions (slower ramp up vs acquisitions)

BALANCE SHEET

($m unless otherwise stated)	30 Jun 19	30 Jun 18
Cash	26.7	31.6
Current assets (exc. cash)	50.3	42.5
Non-current assets	139.5	122.3
Total assets	216.5	196.4
Current liabilities	(96.4)	(85.3)
Non-current liabilities	(10.9)	(13.4)
Total liabilities	(107.3)	(98.7)
Net assets	109.2	97.7

Cash	26.7	31.6
Debt	(8.6)	(15.2)
Net cash	18.1	16.4

Healthy cash balance

- Skin-health and Wellness acquisitions primarily cash funded

Current and non-current assets up

- Inventory up $5.1m due to growth in ICT and SHAW
- Intangible assets up due to acquisitions (+ $6.1m)
- Plant and equipment up on investment in Artisan branded clinics and Retail ICT (+ $9.3m)

Current liabilities up

- Payables up (+ $14.4m) due to higher device and consumable purchases
- Offset by lower current debt (- $2.9m)

Non-current liabilities down

- Lower non-current debt (- $3.6m)

Healthy treasury position

- $8.6m gross debt as at period end
- Cash $26.7m
- Net cash $18.1m

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CASH FLOW

($m unless otherwise stated)	FY19	FY18
Operating cash flows	38.7	36.5
Investing cash flows	(23.7)	(26.8)
Financing cash flows	(19.9)	(7.8)
Net cash movement	(4.9)	1.9
Opening cash balance	31.6	29.7
Closing cash balance	26.7	31.6

Operating cashflows

- Healthy cash conversion

Investing activities

- Capex directed towards:
  - Skin-health and Wellness acquisitions ($7.3m), greenfield clinics ($2.9m) and re-branding ($4.4m);
  - ICT fitouts ($4.2m);
  - IT equipment ($3.8m), other equipment ($1.1m) and IT software ($0.6m); and
- Offset by proceeds from sale ($0.6m)

Financing activities

- Net repayment of borrowings ($6.5m)
- Dividends offset by proceeds from dividend reinvestment program ($13.4m)

NEW LEASE ACCOUNTING STANDARD (AASB 16)

Estimated pro forma impact of new lease accounting standard on FY20[1]		
Balance sheet (FY20 impact)		
Assets (right of use)	⬆	$38m to $40m
Liabilities (leases)	⬆	$40 to $42m
Retained earnings	⬇	$0m to $4m
Income statement (FY20 full year impact)		
Depreciation	⬆	$13m to $15m
Finance cost (interest)	⬆	$2m to $3m
Occupancy cost (rent)	⬇	$14m to $16m

1Estimated pro forma impact may be different from actuals due to changes in lease portfolio and incremental borrowing rate used

- New lease standard (AASB 16) adopted from from 1 July 2019
- Modified retrospective approach (comparatives will not be restated)
- Recognise on balance sheet
  - Lease asset: right of use leased assets
  - Lease liability: present value of future lease payments
- Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement over lease term
- Estimated pro forma impact in FY20:
  - Impact on EBIT of between $0m and +$2m
  - Impact on NPAT of between $0m and -$2m
  - No impact on cashflows
  - No impact on debt covenants

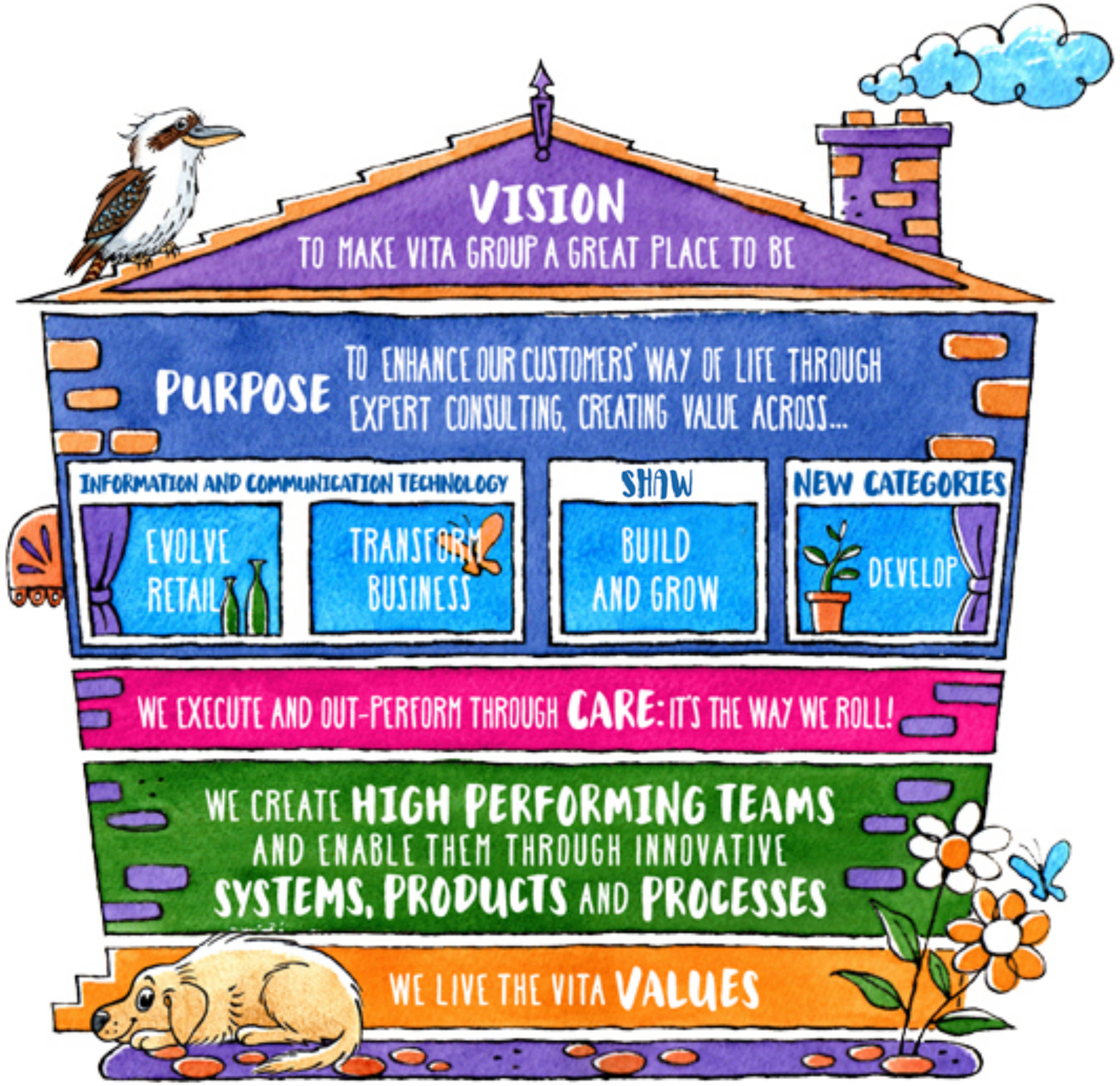
OUR STRATEGY

To create value by:

- Delivering expert consulting
- Enhancing our customers' way of life

Our businesses:

- ICT - the core driver of revenue and profitability
- Skin-health and Wellness - strong growth potential
- SQDAthletica - niche value creation opportunity



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FY20 OUTLOOK

ICT

- Partnership with Telstra remains strong and aligned
- New casual, no lock-in plans in market, providing simpler choices for consumers
- Future economic value weighted towards devices and accessories
- Offsetting removal of bespoke remuneration with hardware sales and other add-ons, coupled with productivity improvements
- Delivering further innovation within accessory brand Sprout
- Focusing relentlessly on consultative selling capability
- Evolving Business ICT channel in partnership with Telstra to optimise profitability

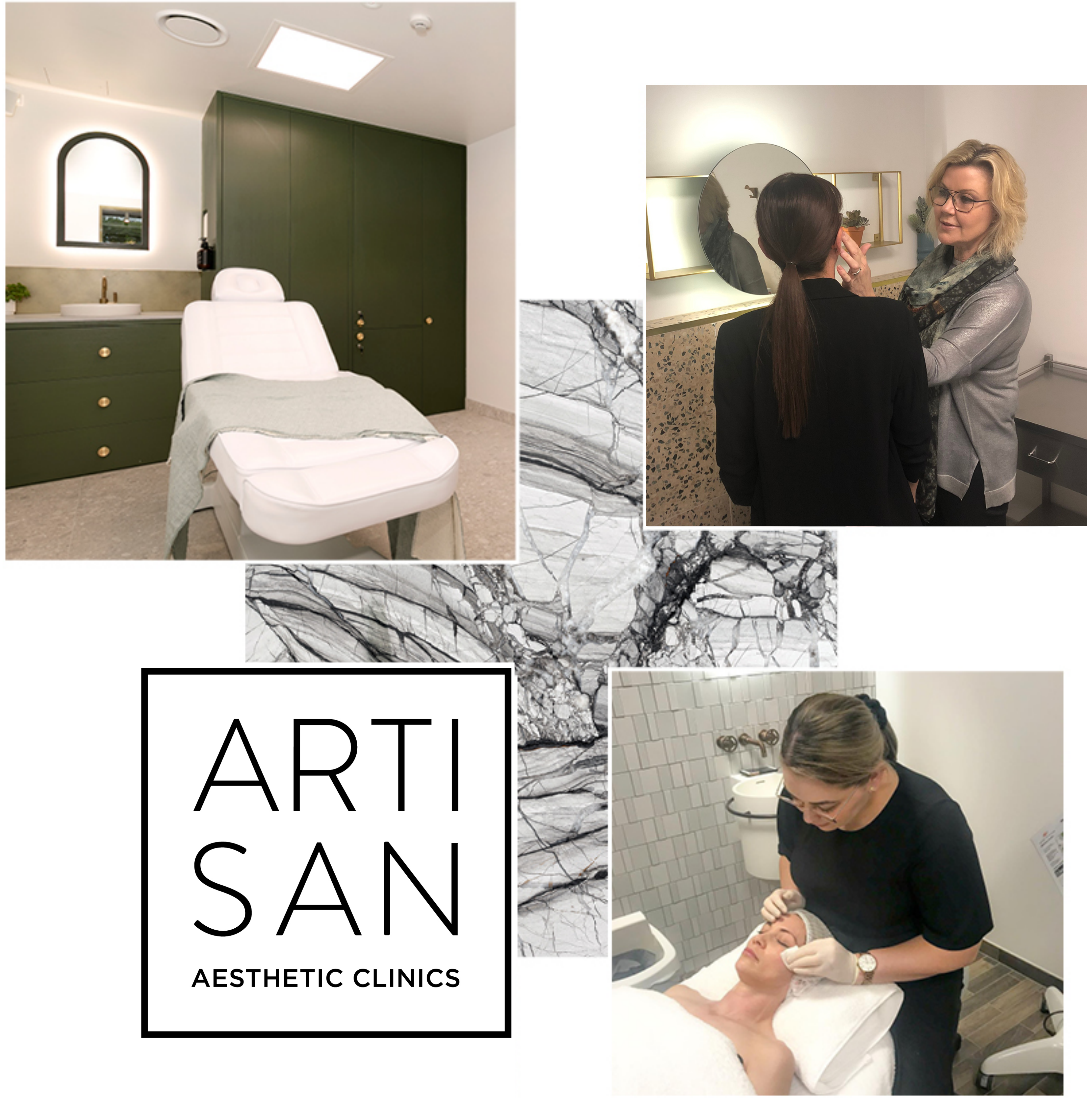
CONTINUING TO OPTIMISE

FY20 OUTLOOK

Skin-health and Wellness

- Significant investment in organisational capability:
    - Artisan brand established
    - Medical board in place
    - Structure and operating rhythms in place
    - Face Academy - Artisan's training organisation established
    - Best-practice systems established, cosmedcloud™
- Targeting 25 to 30 clinics by end FY20
    - Healthy pipeline of opportunities
    - Higher incremental return on investment now infrastructure established
- Applying Vita's proven operating disciplines to lift performance and productivity
- Uniquely positioned to consolidate premium segment with Artisan brand

DELIVERING SCALE AND DRIVING PROFITABILITY



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Summary: Strategy on track

ICT creating significant value

Skin-health and Wellness infrastructure in place; ready to increase scale and profitability

Productivity improvement

High performing and motivated team

Strong and flexible balance sheet to enable investment in growth

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