Vita Group (VTG)

a **great** place to be.

HY15 Interim Results

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strategy on track.

Optimisation of retail footprint

- Optimised physical footprint
- Optimised store performance
- Stronger leadership capability
- Advocacy up

ahead of expectation

Small and Medium Business (SMB)

- Telstra Business Centre acquisitions driving scale
- Improved execution and management disciplines
- Product offering developing

on track

Enterprise

- Go-to-market brand established
- Product portfolio evolving (UC/Cloud)
- Managed Services offerings developing

in progress

group h1 performance headlines.

Continued strong growth in retail

Solid growth in Small & Medium Business (SMB) channel

Diverse product category contribution

Improved Next Byte result

Growth in productivity and capability of team

Significant lift in dividends

group highlights.

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Group revenue up 36% to $292.7m

- Strong like-for-like Telstra store performance
- Portfolio additions performing
- Growth in SMB
- Fuelled by a high quality iPhone 6 launch

EBITDA[1] $25.7m, up 112% on previous year

Underlying EBITDA[2] $19.8m, up 64%[3] on previous year

- Revenue growth in retail and SMB
- Favourable mix change lifting gross margins
- Productivity gains

Strong cash flows funding portfolio investments

- 9 new Telstra points of presence – 6 retail, 3 Telstra business centres
- 116 Telstra-branded points of presence at period end

Major lift in dividends

- Interim fully-franked dividend up 116% to 4.12cps on prior year
- Special fully-franked dividend of 3.00cps to be paid in H2

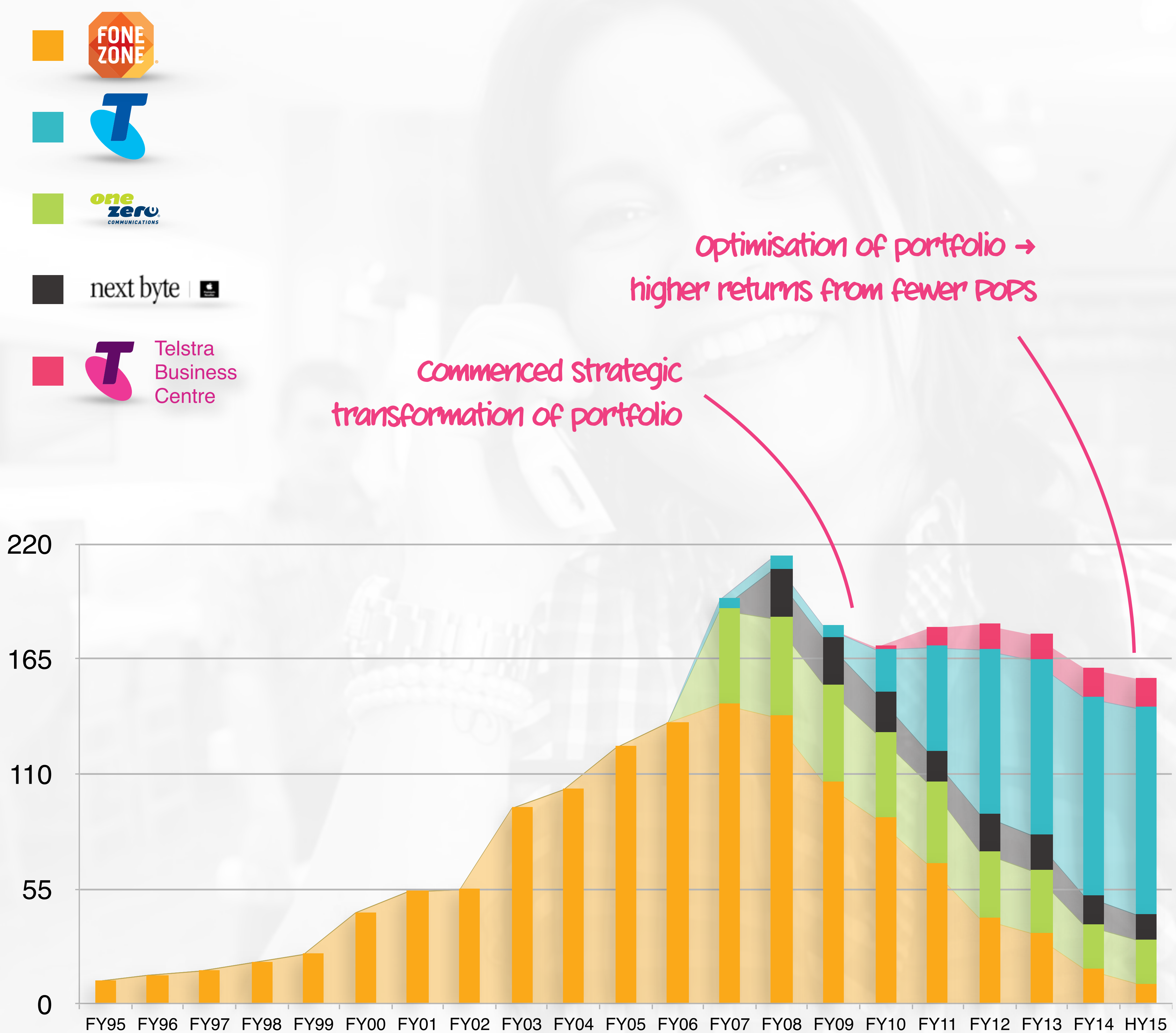
revenue up 36%

underlying ebitda[2] up 64%[3]

interim dividends up 116%

[1] Excludes impact of $19.4m Next Byte impairment
[2] Excludes $19.4m Next Byte impairment and $5.9m non-cash benefit from amortisation of ESP (H1 FY15)
[3] Comparison is with H1 FY14 underlying result, which excludes $19.4m Next Byte impairment

evolution of vita portfolio.



Our Strategic Market-Facing Brands

Retail

SMB

Telstra Business Centre

Enterprise

vita enterprise solutions

powered by

camelon ICT solutions

income statement.

($m unless otherwise stated)	H1 FY15	H1 FY14	
Revenue	292.7	215.8	+36%
Gross Profit (GP)	104.6	70.2	+49%
EBITDA[1]	**25.7**	**12.1**	
Underlying EBITDA[2]	**19.8**	**12.1**	**+64%**
Non-cash benefit from discontinued proprietary products (ESP)	5.9	-	
Impairment of Next Byte	-	(19.4)	
EBIT	20.0	(12.5)	
NPAT	13.4	(15.2)	
Interim Dividend	***4.12cps***	***1.91cps***	***+116%***
Special Dividend	***3.00cps***	***-***	

Strong revenue growth up 36%

- Solid like-for-like growth in Telstra stores
- Quality portfolio additions
- Growth in SMB

Margin improvement 3.2ppts

- Mix improvement (segment & product)
- Strong accessory and insurance attach

Significant lift in profitability

- Gains in underlying earnings

H1 FY15 vs H1 FY14

underlying ebitda[1]	underlying ebit[2]	underlying npat[2]	underlying eps[2]
+64%	+107%	+121%	+121%

$5.9m non-cash benefit from now-discontinued proprietary risk management products (ESP)

- Benefits higher than expected; will expire end FY16

Maintained 65% payout ratio for dividend plus special dividend

- Interim fully-franked dividend 4.12cps up 116%
- Special fully-franked dividend of 3.00cps to be paid in H2
- Dividend reinvestment plan applies to both

[1] Excludes impact of $19.4m Next Byte impairment
[2] Excludes $19.4m Next Byte impairment and $5.9m non-cash benefit from amortisation of ESP (H1 FY15)

telecommunications.

$m unless otherwise stated	H1 FY15	H1 FY14	
Operating Revenue	261.1	173.8	+50%
Gross Profit	94.7	60.0	+58%
Gross Profit %	*36.2%*	*34.5%*	*+1.7ppts*
EBITDA	**26.3**	**12.9**	**+104%**
Underlying EBITDA[1]	**20.4**	**12.9**	**+58%**
Points of Presence (# at period end)	157	167	

[1] Excludes $5.9m non-cash benefit from amortisation of ESP (H1 FY15)

EBITDA $26.4m, up 104%

Underlying EBITDA[1] $20.4m, up 58%

- Revenue growth, up 50% on prior year
- Margin enhancement
- Productivity gains

9 new Telstra points of presence

- 6 retail, 3 business centres

Very strong Telstra store like-for-like performance

revenue +32%

underlying ebitda[1] +58%

Fuelled by a strong iPhone 6 launch

Growth in SMB

revenue +72%

ebitda +258%

Margin gains on favourable mix change

- Gross profit up 1.7ppts

next byte.

$m unless otherwise stated	H1 FY15	H1 FY14	
Operating Revenue	31.6	42.1	(25%)
EBITDA	(0.6)	(0.8)	25%
Lease Provisions	**(0.8)**		
Points of Presence (# at period end)	14	15	

Revenue decline reflects store closures and weaker like-for-like revenues in older V1 format stores

Gross margins up 3.4ppt due to favourable product mix and connectivity

Excluding one-off charge for onerous leases on old-format stores, EBITDA was $0.2m, $1.0m better than prior year

Like-for-like EBITDA in V2 stores up 82% – favourable mix and productivity gains

balance sheet.

($m)	31 Dec 14	31 Dec 13
Cash	20.3	11.2
Current assets (exc. cash)	49.4	45.0
Non-current assets	85.9	72.0
Total assets	**155.6**	**128.2**
Current liabilities	(96.3)	(82.5)
Non-current liabilities	(19.1)	(22.8)
Total liabilities	**(115.4)**	**(105.3)**
Net assets	**40.2**	**22.9**

Gross debt $22.2m, up from $16.9m in June 2014 - retail and TBC acquisitions

Net debt $1.9m, down $8.2m vs June 2014

Strong cash position despite portfolio investment; strong collections

Higher debtors; inventory marginally down

Increase reflects goodwill on acquisitions

Higher due to higher trading and an increase in current bank debt

Down with an increase in non-current bank debt more than offset by lower deferred revenues

Deferred revenues on discontinued risk products down to $10.5m from $29.2m December 2013

cash flows.

($m)	H1 FY15	H1 FY14
Operating cash flows	**25.3**	**8.6**
Investing cash flows	(13.1)	(5.7)
Financing cash flows	1.3	(4.5)
Net cash movement	**13.5**	**(1.6)**
Opening cash balance	6.8	12.8
Closing cash balance	**20.3**	**11.2**

Operating cash flows

- Improvement due to strong trading and working capital control

Investing cash flows

- Includes investments in technology, fit-outs and acquisitions

Financing cash flows

- Net proceeds from borrowings $5.9m
- Issue of shares under DRP $4.2m
- Offset by dividend payments $8.2m

our values drive performance.

Our people and customers are everything to us

We're proud to be profitable: profitability equals opportunity

Every action is taken with the benefit of the whole team in mind

You get what you work for

The collective effort and wisdom of the team always outperforms the individual

Always do the right thing

Dare to be different as creativity drives innovation

Love what you do

outlook and priorities.

continued investment in growth opportunities... focus on execution

1

Continue to optimise retail

- Likely a strong iPhone 6 launch brought forward some volume from H2 to H1

2

Drive momentum in the SMB channel

- Continue to invest to build scale and performance

3

Build on foundations in Enterprise

- Continue to develop capability and product eco-system

4

Continue our investment in people

- Identify and develop outstanding leaders
- Deepen sales, customer experience, and advocacy capability across the network
- Drive productivity and efficiencies

Vita Group (VTG)

questions

HY15 Interim Results

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