



A **GREAT** PLACE TO BE

FY15 Results Presentation Vita Group (VTG)



STRATEGY DELIVERING FOR SHAREHOLDERS

RETAIL OPTIMISATION WORKING

- New stores contributing well
- Strong like-for-like performance
- Greater consistency across network
- Geographic cluster strategy working
- Continued investment in people

SMALL-TO- MEDIUM BUSINESS (SMB) GAINING TRACTION

- Revenue and EBITDA contribution growing
- Clear go-to-market proposition
- TBC acquisitions
- Broader product offering

ENTERPRISE PLATFORM TAKING SHAPE

- Revenue contribution growing
- Investment in leadership, sales and technical talent
- Broader product and service portfolio (cloud and collaboration complementing mobility)

FY15 GROUP OVERVIEW

Strong FY15 financial performance

Revenue up 34% to \$601.4 million

- Telecommunications retail up 43%
- Growth in SMB, Enterprise and Sprout
- High attach rates and customer advocacy up
- iPhone 6 release H1

EBITDA up 48% to \$49.7m

Underlying EBITDA \$39.2m¹, up 45%

- Average EBITDA per Telstra store up
 - New stores strategically located and exceeding expectations
 - Existing stores performing well (up 37% like-for-like)
- Focus on profitable product mix and productivity

Investment in people and leadership paying off

- Improved performance and consistency
- CARE program well embedded
- Lower turnover, more internally-sourced candidates
- Investment in proprietary online tool (XLR8™) driving performance

Healthy return for shareholders

- 72% increase in ordinary dividend and two special dividends
- Announcing additional special dividend 2.00cps
- Strong total shareholder return (TSR) with dividends and price accretion

REVENUE UP

34%

**UNDERLYING
EBITDA¹ UP**

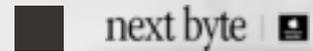
45%

**ORDINARY
DIVIDENDS UP**

72%

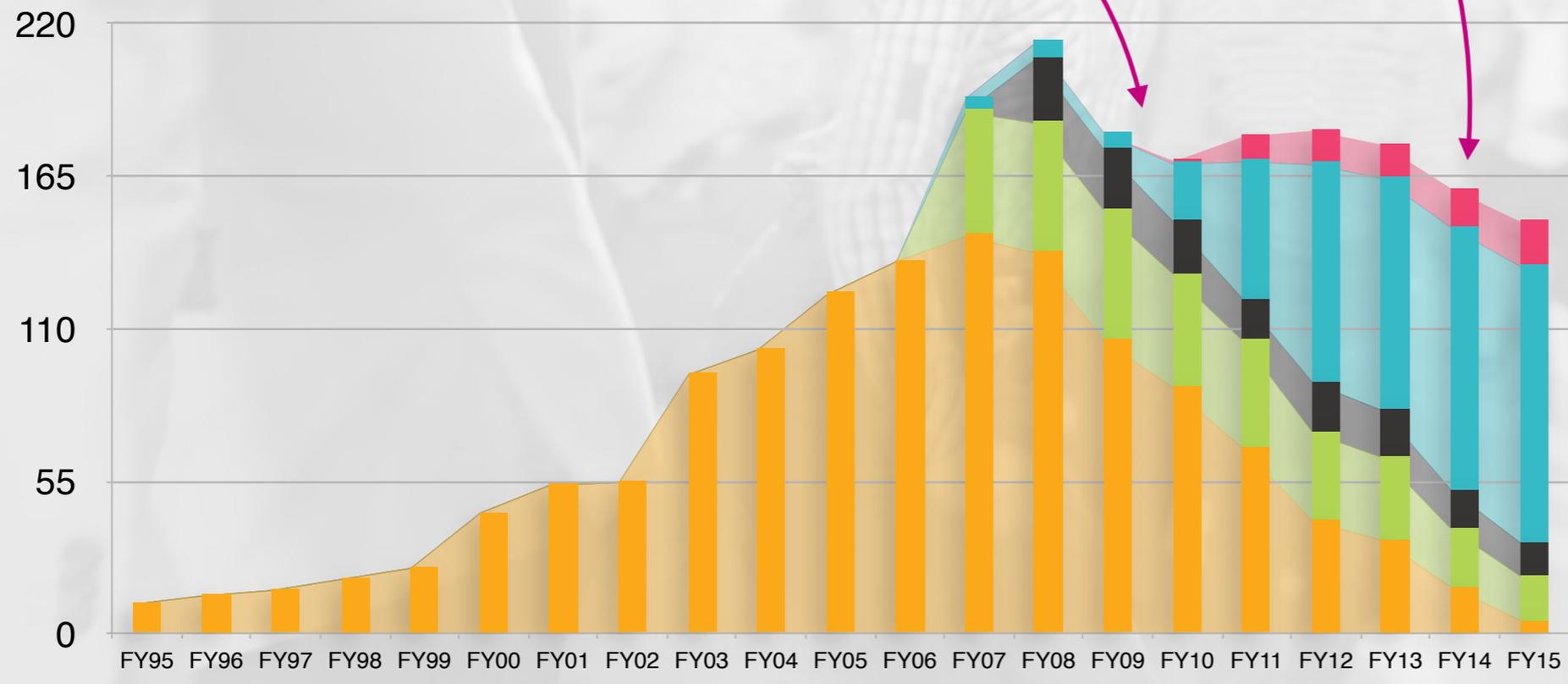
¹ Excludes \$10.5m non-cash benefit from discontinued warranty/swap program

EVOLUTION OF VITA PORTFOLIO

-  FONE ZONE
-  T
-  one zero COMMUNICATIONS
-  next byte
-  Telstra Business Centre

Optimisation of portfolio → higher returns from fewer PoPs

Commenced strategic transformation of portfolio



OUR STRATEGIC FACING BRANDS



INCOME STATEMENT

Strong year of earnings growth

(\$m unless otherwise stated)

	FY15	FY14	
Revenue	601.4	450.1	+34%
Gross Profit (GP)	208.4	154.2	+35%
EBITDA¹	49.7	33.5	+48%
Underlying EBITDA²	39.2	27.0	+45%
Non-cash benefit from discontinued proprietary products (warranty/swap)	10.5	6.5	
Impairment of Next Byte	-	(19.4)	
EBIT	37.9	3.4	
NPAT	25.4	(4.6)	
Ordinary Dividend	7.98cps	4.64cps	+72%
Special Dividend	8.00cps	-	

¹ Excludes impact of Next Byte impairment in FY14

² Excludes impact of Next Byte impairment in FY14, non-cash ESP benefit in both periods

Revenues up in all strategic businesses

- Telecommunications revenue up 44%
- Growing contribution from retail, SMB, and Sprout

Margins steady

- Adverse margin movement toward devices offset by favourable channel mix

Productivity gains

- Sustained focus on cost control in retail, offset by investment in SMB and Enterprise channels

EBITDA up 48%

- Underlying picture strong

UNDERLYING EBITDA²	UNDERLYING EBIT²	UNDERLYING NPAT²	UNDERLYING EPS²
+45%	+68%	+77%	+43%

Full-year ordinary dividend 7.98cps, up 72%

- Maintained 65% payout ratio on ordinary dividend
- Additional special dividend declared – 2.00cps
- Two special dividends declared and paid – 6.00cps total
 - Funded via capital raising
- Total dividends declared – 15.98cps up 244%
- Underlying EPS up 43% to 10.18cps

TELECOMMUNICATIONS

Investment in Telecommunications driving growth

(\$m unless otherwise stated)

	FY15	FY14	
Operating Revenue	541.5	374.9	+44%
Gross Profit	195.8	142.1	+38%
Gross Profit %	36%	38%	
EBITDA	50.4	34.5	+46%
Underlying EBITDA¹	39.9	28.0	+43%
Points of Presence (# at period end)	137	147	

Footprint optimisation continues

- Added 5 Telstra stores, 4 TBCs
- Closed 12 Fone Zone, 5 One Zero stores and 1 TBC

Revenue growth in strategic channels

- Retail up 43% including like-for-like increase of 26%
- SMB up 79%
- Enterprise up 60%
- Sprout up 77%

Margins healthy but slightly adverse

- iPhone 6 success
- Minor shift away from performance-based fee income in H2

EBITDA up 46%

- Underlying EBITDA up 43%
- ESP contribution \$10.5m (\$6.5m FY14)
- Greater efficiency from smaller physical portfolio

¹ Excludes non-cash impact of discontinued ESP program

NEXT BYTE

Stable performance underpinned by improving newer-format stores

(\$m unless otherwise stated)

	FY15	FY14	
Operating Revenue	59.9	75.2	(20%)
Gross Profit	12.6	13.1	(4%)
EBITDA¹	(0.7)	(1.0)	+30%
Lease Provisions	(0.7)		
Points of Presence (# at period end)	12	14	

Revenue down

- Fewer older-format (V1) stores
- V1 like-for-like sales down 18%

V2 like-for-like performance up

- Revenue up 9%, EBITDA up 30%

Gross margins up 3.6% points

- Favourable product mix and attachment
- Connectivity

EBITDA improving

- EBITDA (excluding lease provisions) break-even and \$1.0m higher than prior year

¹ Excludes impact of \$19.4m Next Byte impairment in FY14

BALANCE SHEET

Net debt eliminated following accelerated debt repayments in H2

(\$m)	30 Jun 15	30 Jun 14
Cash	15.5	6.8
Current assets (exc. cash)	44.0	37.4
Non-current assets	81.9	80.6
Total assets	141.4	124.8
Current liabilities	(80.4)	(71.9)
Non-current liabilities	(12.0)	(22.2)
Total liabilities	(92.4)	(94.1)
Net assets	49.0	30.7

Net cash of \$2.1m

- Directed cash toward repayments during H2
- Gross debt \$13.4m from \$22.2m Dec 2014
- Reduced call on capex H2

Improved working capital

- Cash collections strong

Deferred revenue from discontinued ESP program

- Down to \$4.5m vs \$18.8m in June 2014
- Net benefit estimated at \$2.5m in FY16, expires June 2016

CASH FLOWS

Healthy cash flows

(\$m)	FY15	FY14
Operating cash flows	35.3	17.6
Investing cash flows	(16.0)	(19.7)
Financing cash flows	(10.6)	(3.9)
Net cash movement	8.7	(6.0)
Opening cash balance	6.8	12.8
Closing cash balance	15.5	6.8

Operating cash flows

- Uplift on higher cash earnings
- Strong collections

Investing cash flows

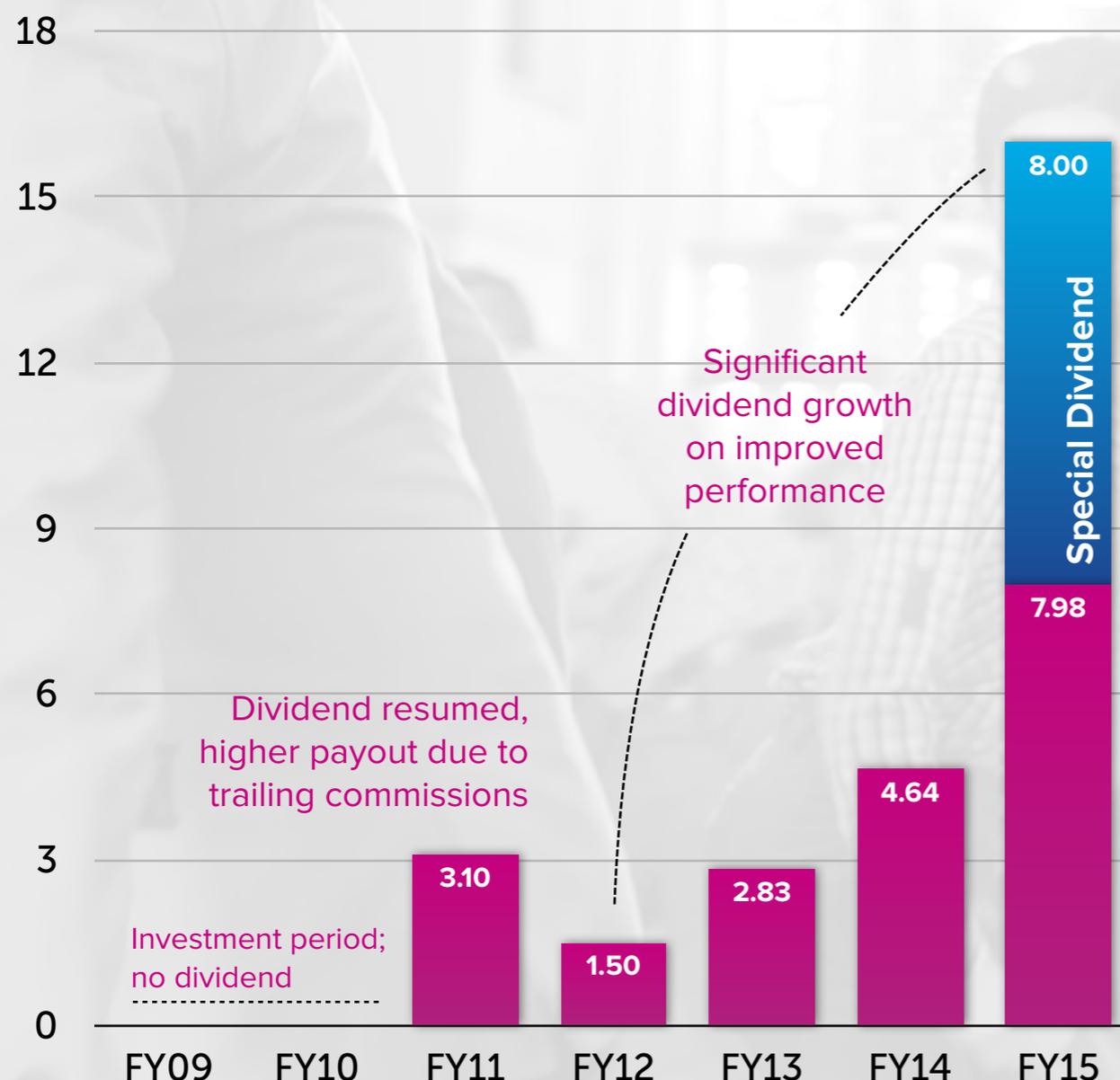
- Less acquisition activity in H2
- Continued investment in IT systems and store fit-outs

Financing cash flows

- \$11.4m raised through underwritten DRP
- Total dividends paid – \$18.6m

DIVIDENDS

Significant returns for shareholders



DRP re-instigated in FY15 to allow shareholder flexibility to reinvest

Full year ordinary dividend 7.98cps up 72%

- Maintained 65% payout ratio

Special dividends paid 6.00cps and additional 2.00cps special dividend declared

Total dividends declared 15.98cps up 244%

Future special dividends under review

CONSISTENT 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

INVESTMENT IN PEOPLE DRIVES GROWTH

Increased consistency of performance in retail

Improved leadership tools

- Enhanced business planning tools to drive productivity, consistency and profitability
- XLR8™ technology to:
 - Measure individual performance
 - Monitor performance trends
 - Benchmark
 - Drive consistency
 - Enhance coaching conversations



Development of skills within the team talent pool

- Deeper and broader internal talent pool
- Formal learning programs focused on productivity, supported by on-the-job coaching
- Skills assessed monthly
- Commercial acumen at all leadership levels



Better customer experiences

- Engaged and productive team, delivering great customer experiences

BUILDING PEOPLE CAPABILITY IN SMB AND ENTERPRISE

Getting, growing and keeping the right people in the right roles

- Embedding an effective sales structure
- Implemented a disciplined planning approach
- Developing sales capabilities
- Embedding a focus on building and managing a sales pipeline
- Further capability development in Enterprise:
 - End-to-end customer engagement
 - Clear project methodology to drive profitable projects
 - Structured approach to business, portfolio and account planning

Developing clear operating rhythms

- Drives clear accountability for results
- Drives continued focus on managing sales pipeline
- Expanding technology tools to drive coaching

Better customer experiences

- Engaged and productive team, delivering great customer experiences
- Building deeper insights around customers' needs
- Providing holistic solutions for business customers to enhance and enable their businesses



OUTLOOK AND STRATEGIC PRIORITIES

Strategy in place will enable continued growth

1

OPTIMISE RETAIL

- Continued focus on optimal product mix
- Drive consistency across network
- Leverage people programs
- Continued physical portfolio optimisation

2

LEVERAGE INVESTMENT IN SMB CHANNEL

- Invest in scale and performance
- Expand product offering

3

BUILD ON ENTERPRISE PLATFORM

- Embed new leadership
- Strengthen focus on eastern seaboard
- Boost sales pipeline
- Broaden product portfolio (cloud, collaboration)

4

CONTINUE TO INVEST IN PEOPLE

- Further develop leadership, talent pool, and succession
- Focus on sales, advocacy and commercial acumen



QUESTIONS

FY15 Results Presentation Vita Group (VTG)



DISCLAIMER

The material in this presentation is a summary of Vita Group Limited's (Vita) activities and results, and is current at the date of preparation, 24 August 2015. Further details are provided in the Company's full year accounts and results announcement released on 24 August 2015.

No representation, express or implied, is made as to the fairness, accuracy, completeness or correctness of information contained in this presentation, including the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in the presentation ("forward-looking statements"). Such forward-looking statements are by their nature subject to significant uncertainties and contingencies and are based on a number of estimates and assumptions that are subject to change (and in many cases are outside the control of Vita and its Directors) which may cause the actual results or performance of Vita to be materially different from any future results or performance expressed or implied by such forward-looking statements. Undue reliance should not be placed on forward-looking statements and except as required by law or regulation, Vita assumes no obligation to update these forward-looking statements. To the maximum extent permitted by law, Vita and its related corporations, Directors, officers, employees and agents disclaim any obligations or undertaking to release any updates or revisions to the information in this presentation to reflect any change in expectation or assumptions and disclaim all responsibility and liability for these forward-looking statements (including without limitation, liability for fault or negligence).

This presentation provides information in summary form only and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

Due care and consideration should be undertaken when considering and analysing Vita's financial performance. All references to dollars are to Australian Dollars unless otherwise stated.

To the maximum extent permitted by law, neither Vita nor its related corporations, Directors, officers, employees or agents, nor any other person, accepts any liability, including, without limitation, any liability arising from fault or negligence, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

Certain financial data included in this presentation may be "non-IFRS financial information" under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. [The non-IFRS financial information in this presentation may include underlying profit after tax]. Vita believes this non-IFRS financial information, where included, provides useful information to users in measuring the financial performance and conditions of Vita. The non-IFRS financial information measures do not have standardised meanings prescribed by International Financial Reporting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be considered as an alternative to other financial measures determined in accordance with International Financial Reporting Standards. Undue reliance should not be placed on any non-IFRS financial information.

This presentation is not and should not be considered as an offer or an invitation to acquire shares in Vita or any other financial product and does not and will not form any part of any contract for the acquisition of shares.

This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of Vita is available on our website, www.vitagroup.com.au