



A GREAT PLACE TO BE!

Vita Group (VTG) H1 FY16 Interim Results



vita®
GROUP LIMITED

OUR STRATEGY REMAINS THE SAME



OUR
EXECUTION
OF
STRATEGY
IS
WORKING

Retail optimisation driving profit growth

- Improvements in physical portfolio
- Continued like-for-like growth
- Geographic cluster strategy effective
- Investment in people paying off

Small-to-medium business building scale

- Increase in physical scale
- Organic performance improvement
- Advocacy up
- New CRM platform

Enterprise channel gaining traction

- Growth in managed services
- Investment in leadership, sales capability, technical domain skills
- New CRM platform



H1 FY16 PERFORMANCE HIGHLIGHTS



Revenue¹ up 23% to \$321.2m

- growth in all strategic channels



EBITDA¹ up 25% to \$33.5m

- underlying EBITDA² up 46% to \$30.4m



Next Byte exit complete by February 2016 (announced Dec 2015)



Record investment in people programs & technology

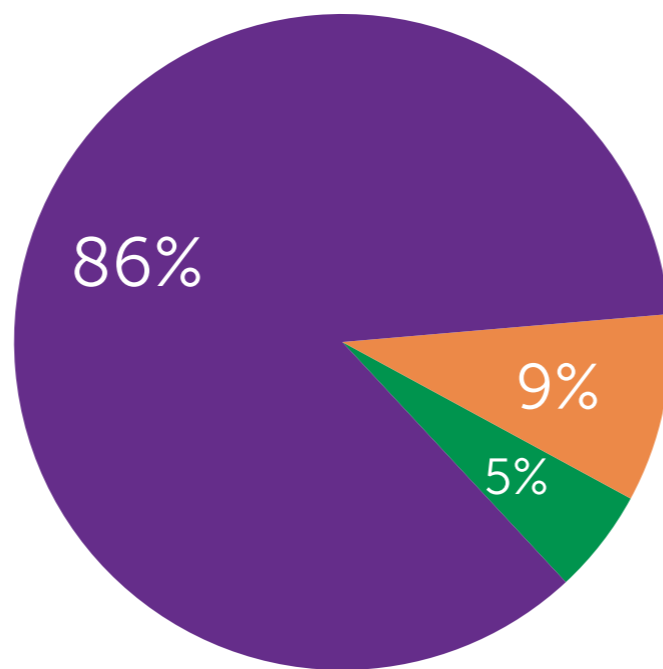
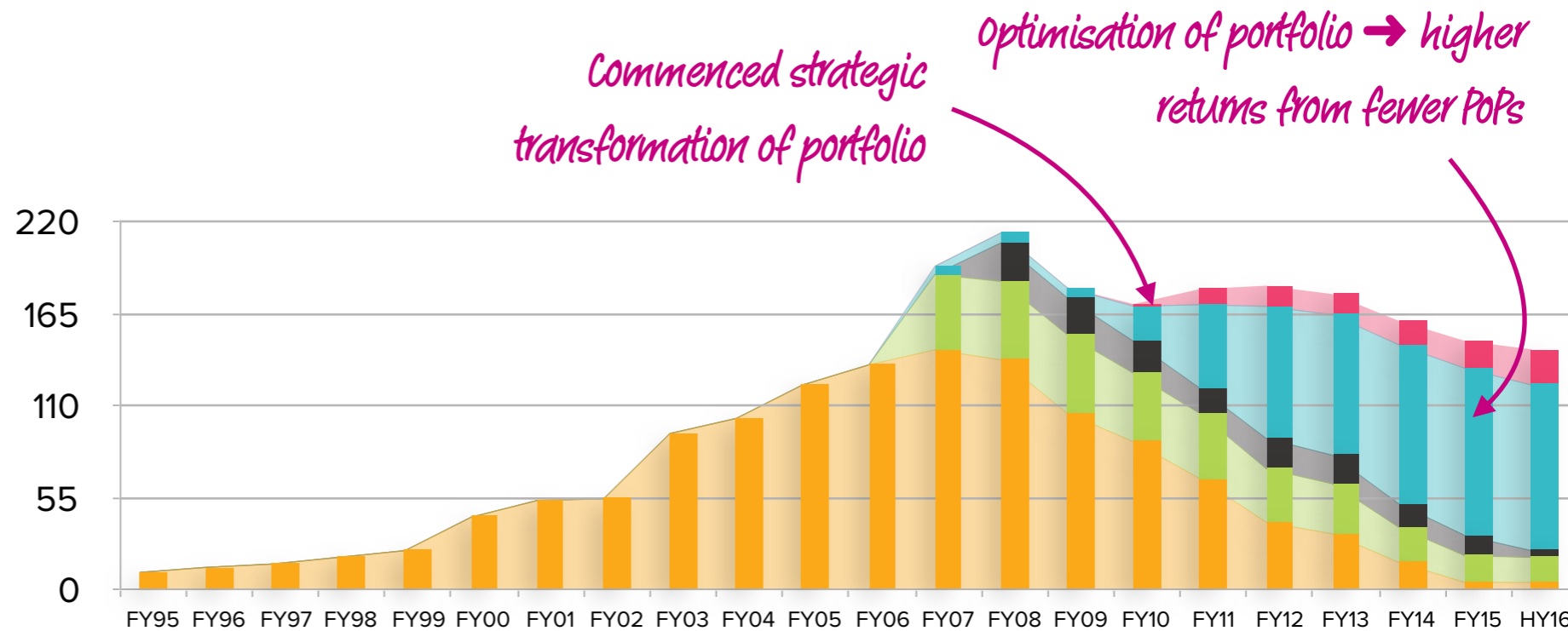


Interim dividend \$8.7m, 5.76cps, up 40%

¹ from continuing operations

² from continuing operations excluding ESP

PORTFOLIO EVOLUTION



% of GP by channel

- Retail
- SMB
- Enterprise

14% of GP from business channels H1

INCOME STATEMENT

Solid earnings growth

(\$m unless otherwise stated)

	H1 FY16	H1 FY15	
CONTINUING OPERATIONS			
Revenue	321.2	261.1	+23%
Gross Profit %	34.6%	37.5%	
Underlying EBITDA	30.4	20.7	+46%
Non-cash benefit from discontinued proprietary products (ESP)	3.1	5.9	
EBITDA	33.5	26.7	+25%
EBIT	28.3	21.3	+33%
PAT	19.4	14.4	+35%
Discontinued operation (net of tax)	(3.8)	(0.9)	
PAT including discontinued operations	15.6	13.4	+16%
Interim Dividend	5.76cps	4.12cps	+40%

RETAIL
REVENUE

+22%

SMB
REVENUE

+51%

ENTERPRISE
REVENUE

+13%

Gross Margin

- Margins down due to:
 - ESP
 - Re-charge of costs to COGS (VES, SMB)
 - Higher product sales in mix
 - Foreign exchange impact on accessory margins

ESP

- Benefits expire end FY16

EBITDA up 25%, EBIT up 33%

UNDERLYING EBITDA	UNDERLYING EBIT	UNDERLYING PAT
+46%	+64%	+67%
DIVIDEND +40%		

EBITDA above December 2015 guidance

EBITDA RECONCILIATION

(\$m unless otherwise stated)	H1 FY16	H1 FY15	
Underlying EBITDA (continuing operations)	30.4	20.7	+46%
Non-cash ESP benefits	3.1	5.9	
EBITDA (continuing operations)	33.5	26.7	+25%
Next Byte EBITDA	(4.0)	(1.0)	
EBITDA (including discontinued operations)	29.5	25.7	+15%
Range provided to market December 2015	25.5 – 27.5		

BALANCE SHEET

Flexibility to invest in growth

(\$m)	31 Dec 15	31 Dec 14
Cash	28.5	20.2
Current assets (exc. cash)	42.8	49.5
Non-current assets	89.3	85.9
Total assets	160.6	155.6
Current liabilities	(93.6)	(96.3)
Non-current liabilities	(11.0)	(19.1)
Total liabilities	(104.6)	(115.4)
Net assets	56.0	40.2
Cash	28.5	20.2
Debt	(17.9)	(22.1)
Net Cash (Debt)	10.6	(1.9)

Cash higher, receivables low at period end

- Favourable timing of receipts

Tight management of working capital

- Inventory at two weeks

Non-current assets up

- Goodwill up on acquisitions

Current liabilities stable

- Lower trade payables, unearned revenue

Non-current liabilities down

- Lower levels of debt

Healthy debt position

- No net debt
- \$17.9m gross debt as at period end

CASH FLOWS

Operating cash flows directed toward capex and debt repayment

(\$m)	H1 FY16	H1 FY15
Operating cash flows from continuing operations	30.8	24.8
Investing cash flows from continuing operations	(12.7)	(12.6)
Financing cash flows from continuing operations	(4.0)	1.8
Cash flows from discontinued operations	(1.2)	(0.9)
Net cash movement	12.9	13.1
Opening cash balance	15.6	7.1
Closing cash balance	28.5	20.2

Operating activities

- Higher cash receipts
- Earnings growth
- Tight working capital

Investing activities

- Capex directed toward store acquisitions and IT development

Financing activities

- Repayment of borrowings
- Lower proceeds from issue of share capital
- Dividends



OUR PEOPLE, PROCESSES & TECHNOLOGY

Retail Academy

- Accelerated development plan
- Next role readiness and assessed learning
- Pathway for team members to become masters in their current role, or transition to their next role

XLR8™ platform enhancements

- Digital talent cards, measuring a team member's performance and readiness for next role
- Visibility of high potential & high performing team members
- Recording and monitoring coaching conversations

New Business Information systems

- Better insights
- More informed decision making

New end-to-end sales management, service, & marketing systems for business

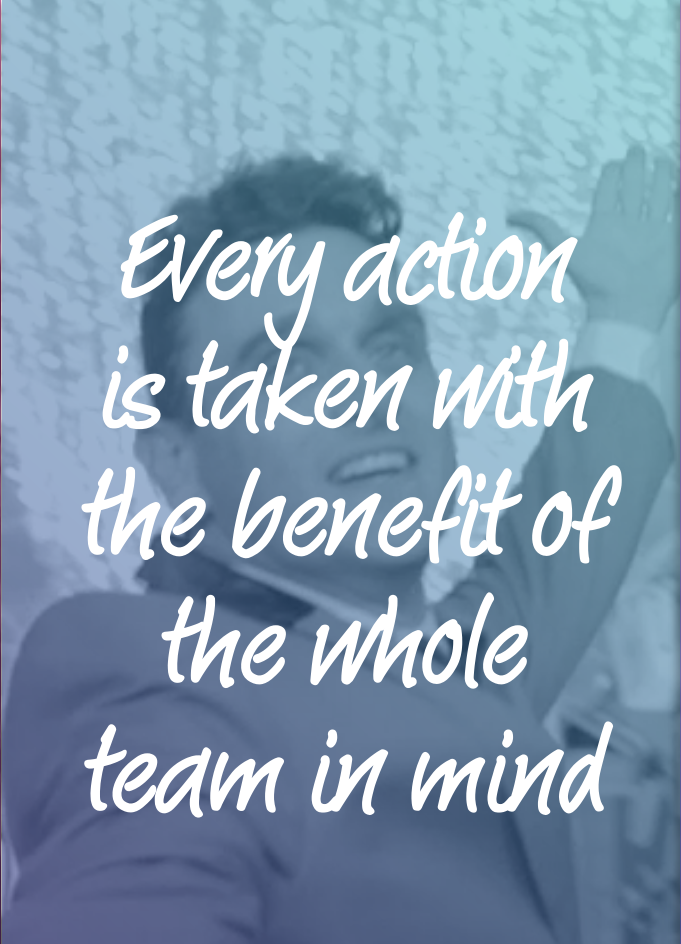
- "Vita View" on Salesforce platform

Simplify

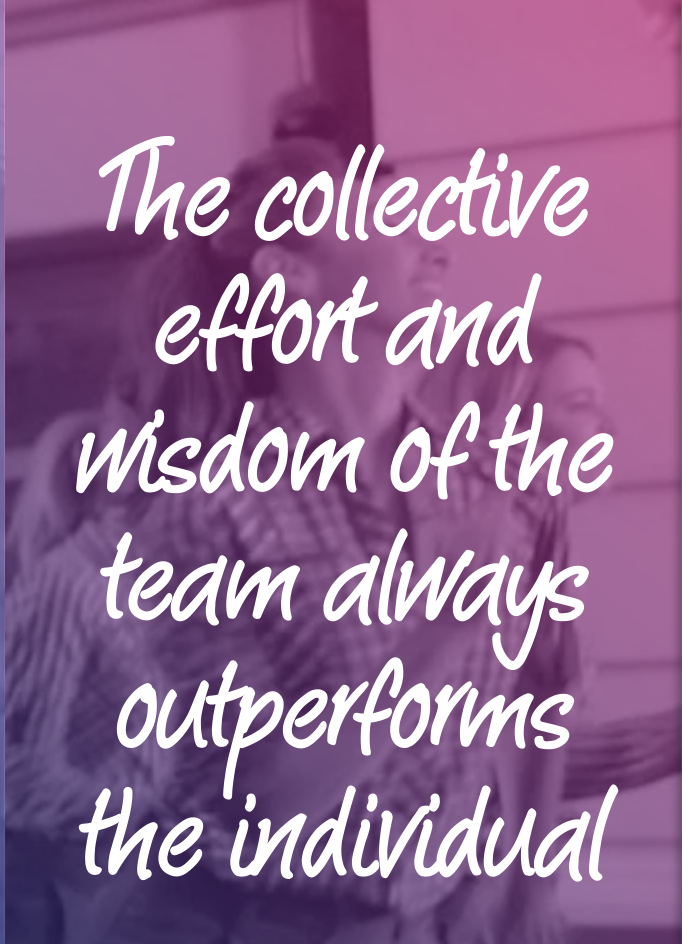
- Centralised administration
- Automation of accounts payable, end of day processes
- Simplification of travel and expense management



Our people and customers are everything to us



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




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



Dare to be different, as creativity drives innovation

the vita values



We're proud to be profitable, as profitability equals opportunity



You get what you work for



Always do the right thing



Love what you do



OUR PRIORITIES IN H2

Continue to execute against our strategic agenda

1

Optimise the retail channel

2

**Transform the small-to-
medium business channel**

3

**Build strong foundations in
enterprise channel**



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