

# Vita Group Limited

## BBY TMT small cap conference

.the way we work .the way we succeed .the way we learn .the way we relate  
.the way we grow .the way we inspire .the way we succeed .the way we serve  
.the way we inspire .the way we relate .the way we relate .the way we learn  
.the way we play .the way we grow .the way we inspire .the way we succeed



1 June 2010



- Vita Group was born in 2008 to more precisely reflect expanding portfolio of brands previously managed by Fone Zone Group
- Vita is Latin for ‘way of life’
  - reflects way in which electronics and telecommunications equipment have become an essential part of our everyday lives
- Appointed T Store Master Licensee as part of new dealer agreement with Telstra
- Strong and experienced Board and management team

ASX listing	Nov 2005
ASX code	VTG
Share price on 30 May 10	\$0.23
Shares on issue	141.2m
Market capitalization	\$32.5m
Net debt at 31 Dec 09	\$4.5m



Telstra Stores are designed to provide customers with hands-on demonstrations of the latest Next G network solutions. The underlying proposition is to provide customers with maximum value through upfront understanding of how Telstra products and services can make life easier.



Historical foundation of Vita Group, Fone Zone is Telstra's largest premium dealer in Australia and operates a mostly regional chain of company owned telecommunication stores, specialising in mobile communications solutions. These solutions are complimented by the full range of Telstra offerings including fixed line and Big Pond broadband.



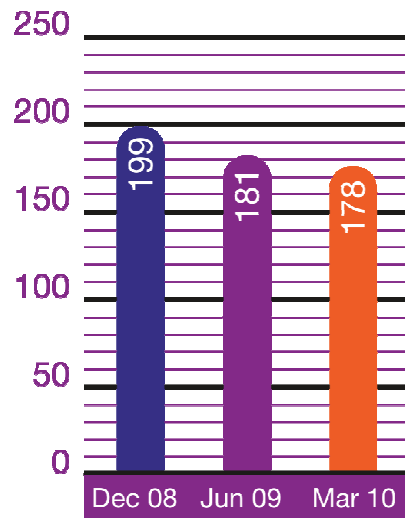
Operating from over 40 Dealer stores across eastern Australia, One Zero provides tailored solutions from the full suite of Telstra mobile, internet, data and fixedline products and services. As a leading Dealer, One Zero works closely with small business and local governments to provide whole-of-business solutions to strengthen local economies and enhance community relationships.



Next Byte is Australia's largest and only national Apple Premium Reseller. Next Byte has over 15 years experience in providing Apple solutions to retail, corporate and education customers across Australia. These solutions range from recommending the perfect Apple solution, pre and post sales service and engineering support, training of the end users and all backed up by a national service and repair facilities. All of this ensures Next Byte delivers your ultimate Apple experience.



# .store footprint



### COLOUR KEY

- Fone Zone
- Next Byte
- One Zero
- Telstra Stores
- Telstra Business Centre

### Queensland

- 30 Fone Zone Stores
- 4 Next Byte Stores
- 29 One Zero Stores
- 10 Telstra Stores
- 1 Telstra Bus. Centre

### New South Wales

- 23 Fone Zone Stores
- 6 Next Byte Stores
- 8 One Zero Stores

### South Australia

- 4 Fone Zone Stores
- 2 Next Byte Stores
- 1 One Zero Store
- 1 Telstra Store

### Tasmania

- 7 Fone Zone Stores
- 1 Next Byte Store
- 2 Telstra Stores

### Victoria

- 8 Fone Zone Stores
- 4 Next Byte Stores
- 5 One Zero Stores
- 1 Telstra Store

### Western Australia

- 17 Fone Zone Stores
- 2 Next Byte Stores
- 3 One Zero Stores
- 5 Telstra Stores

### ACT

- 3 Fone Zone Stores

### Northern Territory

- 1 Fone Zone Store

<i>Store numbers</i>	<b>31 Dec 08</b>	<b>30 Jun 09</b>	<b>31 Dec 09</b>	<b>Opened</b>	<b>Closed</b>	<b>31 May 10</b>
<b><i>Telecommunications</i></b>						
Fone Zone	124	106	98	-	5*	<b>93</b>
One Zero	44	47	48	-	2	<b>46</b>
Telstra Stores	6	6	12	7	-	<b>19</b>
Telstra Business Centre	-	-	-	1	-	<b>1</b>
<b><i>Computing</i></b>						
Next Byte	25	22	22	-	3	<b>19</b>
	<b>199</b>	<b>181</b>	<b>180</b>	<b>8</b>	<b>10</b>	<b>178</b>

(\* ) 2 Fone Zone stores were converted to Telstra Stores

## .the way we relate to Telstra

- New dealer agreement with Telstra signed August 2009
- Vita Group will receive a total of \$23.6m from Telstra paid in lieu of future historic trailing commissions
- Vita Group appointed a Master Licensee for Telstra's T store retail concept stores
- Agreement highlights:
  - roll out of T stores (progressing as planned)
  - more profitable business model:
    - broader product suite
    - increased upfront commission structure
  - up to 9 year arrangement
- New dealer agreement builds on Vita Group's strong relationship with Telstra over more than 15 years

# .T store dynamics

New commission structure	<ul style="list-style-type: none"> <li>• Trailing commissions replaced by up-front payment</li> <li>• Rewards new business growth and broader product suite</li> </ul>
Growth in store sales	<ul style="list-style-type: none"> <li>• Improved sales/m<sup>2</sup></li> </ul>
Broader product suite	<ul style="list-style-type: none"> <li>• Additional products can now be offered:             <ul style="list-style-type: none"> <li>– eg Big Pond, wireless broadband, FOXTEL, T-Hub etc</li> </ul> </li> </ul>
Store profitability brought forward	<ul style="list-style-type: none"> <li>• Stores move to full profitability more quickly given up-front commission</li> </ul>
Vita Group's T[life] management	<ul style="list-style-type: none"> <li>• 15 years experience in mobile phone retail with Telstra</li> <li>• 5 years experience successfully running Telstra License stores</li> <li>• Strong track record of growth</li> </ul>
Payout of current trailing commission entitlements	<ul style="list-style-type: none"> <li>• \$23.6m payment in lieu of future trailing commission entitlements</li> <li>• \$12m up-front, with 12 equal installments from months 7-18 (\$13.9m FY10, \$9.7m FY11)</li> <li>• Payments conditional on meeting certain performance criteria</li> </ul>

# .T store look & feel



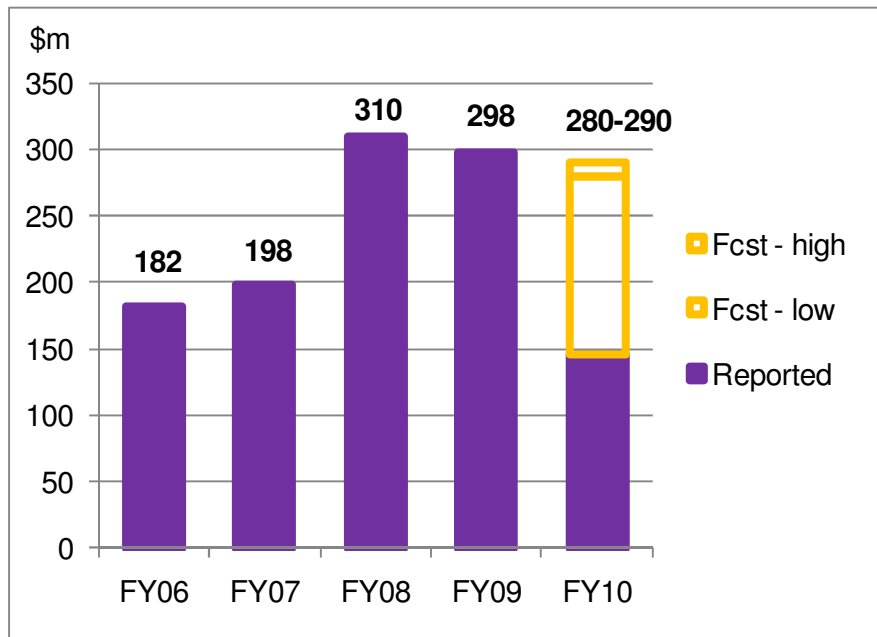


# .T store roll-out on track

T[life] store roll-out	<ul style="list-style-type: none"> <li>• 12 stores opened (Nov 09 – May 10)</li> <li>• First phase of 25 stores on schedule – next 13 “locked in” expect to complete this phase by the end of Nov 10</li> <li>• Planning of second phase of 25 stores commenced</li> </ul>
Uplift in store performance	<ul style="list-style-type: none"> <li>• Store performance at higher end of internal expectations</li> <li>• GP/m<sup>2</sup> significantly higher than average Fine Zone store</li> <li>• Greater breadth of products and services offered</li> <li>• More interactive sales experience</li> </ul>
Time to break even	<ul style="list-style-type: none"> <li>• Based on 12 stores opened by 31 May 10, stores are reaching break even sooner than forecast</li> <li>• New upfront commission also assisting stores reach profitability sooner</li> </ul>
Capital expenditure	<ul style="list-style-type: none"> <li>• Average fit-out cost slightly below budgeted capex</li> </ul>

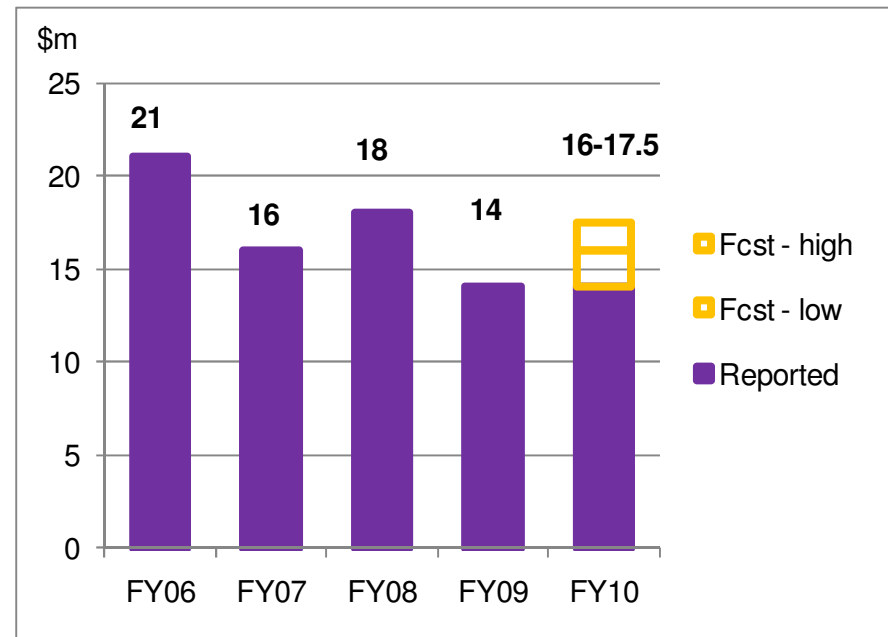
# .financial performance

## Revenue



- FY10F revenues in range between \$280m to \$290m
- Reflects lower store numbers

## EBITDA



- FY10F normalised EBITDA in range between \$16m to \$17.5m

## Telecommunications

- Key focus is on successfully completing phase 1 of T store roll-out, and planning phase 2
- Continue to build on success of Business Solutions, roll out Telstra Business Centres
- Continue to drive improvements in Fone Zone

## Next Byte

- Working with Apple to optimise and improve Next Byte retail format, product and services mix, and customer experience
- Grow Service capabilities and presence within Business sector

## Group

- Increase support and presence on iPhone in both Computing and Telecommunications
- Continue to be comfortable with previous guidance of normalised FY10 EBITDA of \$16-17.5m



- Our two main business partners – Telstra and Apple – are market leaders in their industry
- Renewed partnership with Telstra
  - T store roll-out the key driver of growth within Vita Group for the next 3 years
  - Roll-out on track, expect to complete phase 1 (25 stores) by end of Nov 10
  - store performance at higher end of internal expectations
  - Planning for phase 2 commenced
- Store optimisation programme nearing completion
  - Fone Zone “business as usual”
- Next Byte operational improvements progressing – working with Apple
- Benefit of cost reduction initiatives undertaken over past two years now flowing through

The material in this presentation is a summary of the results of Vita Group Limited (Vita) and an update on Vita's activities and is current at the date of preparation, 1 June 2010. Further details are provided in the Company's accounts and previous results announcements.

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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](http://www.vitagroup.com.au)

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