

ASX Announcement

FOOTPRINT OPTIMISATION AND COMMERCIAL TERMS AGREED

25 November 2016

ASX-listed provider of communications, electronics and ICT products and services, Vita Group (ASX: VTG) is pleased to announce that it has agreed changes to its commercial terms with strategic partner, Telstra. Under the agreed new terms, the remuneration structure will change and there will also be additions to the group's network of Telstra-branded stores.

In relation to the remuneration changes, some elements of remuneration will reduce, where they have been deemed to be less effective in driving value. This will be partially offset by an increase in remuneration designed to incentivise the sale of a broader range of product solutions to customers.

On the store network, Vita will accelerate its physical optimisation program, involving both additions and exits, which will result in an overall increase in the number of Telstra-branded stores, with the number of additional stores to be communicated in due course.

The net impact of these changes on earnings is difficult to determine, given that many elements of the remuneration construct are performance-driven, as has always been the case. However, Vita expects to see volume improvement overall, offset by some margin compression.

This announcement follows recent negotiations between Vita and Telstra about strategic and tactical opportunities available to the partnership. As noted in Vita's letter to the ASX on 1 November 2016, these discussions occur frequently and are part of the ongoing relationship between the two strategic partners.

Vita Group CEO, Maxine Horne commented, "Over the 21 years of Vita's partnership with Telstra, we have worked well together to reach mutually beneficial outcomes – strategically, operationally and commercially. After all, it is in our joint interests to do so. We remain focused on delivering on our strategic plan and doing what we do best – which is out-performing, out-executing and out-servicing to make Vita Group a *great place to be* for customers, team members, partners and investors alike."

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About Vita Group

Brisbane-based Vita Group is a national, ASX-listed provider of telecommunications, electronics, ICT and related products and services through retail and business channels. Vita Group also operates a fast-growing mobile accessories division under the Sprout brand, and sells and markets other value-added products and services. For further information, visit www.vitagroup.com.au



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