

Vita Group 2013 AGM, Friday 25 October 2013 Chairman's Address

Last financial year was a good one for Vita Group.

We are seeing clear evidence that our investment in Telstra stores is producing the growth and improved profitability that we anticipated three years ago.

The rollout of the portfolio is now well advanced, and the group is focused on harnessing the full potential of investments we have already made.

The financial results were very solid.

Group revenues increased 6% to \$435 million and EBITDA was up 32% to \$22.1 million. The performance of the Telecommunications division was particularly strong with 14% growth in revenue to \$345 million and a 42% uplift in EBITDA to \$23.9 million.

Net profit after tax was \$6.2 million, more than double last years.

Directors maintained a 65% dividend payout ratio, declaring a full-year dividend of 2.83 cents per share, up 89% on the previous year.

As at June 30, our Telstra portfolio now numbers 97 points of presence 45% of these Telstra stores are less than 24 months old. Based on previous experience we can expect continued revenue and earnings growth as these stores become more established. Coupled with the investments we are making in our staff, we remain excited about the potential for continued growth from this area.

Pleasingly, we are seeing growth across a broad portfolio of products and services. Contributions from fixed connections, media, NBN connections, bundled products and the business channel are growing rapidly.

This indicates a balanced earnings stream that is less reliant on a "mobiles only" market position.

During the year, the performance of Next Byte was disappointing.



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As a result, this business now operates under a different structure, with new leadership and a reinvigorated focus. The management team is collaborating closely with Apple globally on the location of future new stores, under the Apple Premium Reseller model, as well as the operating model itself. We are also applying more rigorous retail disciplines across the Next Byte network that we believe will lead to improved performance at the store level.

Looking ahead, the group is focused on driving maximum returns from our investments to date. This is not just about our physical footprint. Central to this is investing in Vita people to create exceptional leaders, improve sales execution and improve the customer experience.

The group sees growth opportunities in the SME and enterprise markets. To this end, in September we announced the acquisition of Camelon IT, a provider of ICT services to the business market.


Camelon is a highly regarded provider and leading partner with Telstra, They offer capabilities across different product segments. We look forward to the benefits of this acquisition and the revenue expansion across our many different sales channels from small business to enterprise. Camelon positions Vita well in the fast-growing market for Cloud services and other ICT solutions for business.

We enjoy the benefit of a strong capital position and balance sheet.

The group accelerated repayment of debt during the second half of the year, as capex requirements eased. Gross borrowings were reduced to \$15.5 million as at year end, and net debt was reduced to a very manageable \$2.8 million.

On behalf of shareholders and the Board we are grateful to all Vita team members for their dedication and commitment. The team has hit on a successful formula that is delivering results.

Whilst we operate in very competitive markets, with all these ingredients in place the Board believes shareholders have good reason to be confident the Group will realise the potential ahead.

A handwritten signature in black ink that reads "Dick Simpson". The signature is written in a cursive, slightly informal style.

Dick Simpson
Chairman