

26 February 2015

Manager Companies  
Company Announcements Office  
Australian Securities Exchange Limited  
Level 4, Stock Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

### **1H FY15 Results Announcement – Amended**

Reference is made to Vita Group's 1H FY15 announcement lodged and released a little earlier this evening.

A typographical error has been noted in that release, understating correct like-for-like growth. The correct percentage is as follows:

- Like-for-like Telstra stores: revenue up 32%, EBITDA up 58%

An amended announcement is attached, together with our apologies for any inconvenience.

Yours faithfully



**Mark Anning**  
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next byte



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## AMENDED ASX Announcement

### Vita Group reports another strong interim result

**26 February 2015** – ASX-listed provider of communications, electronics, and IT products and services Vita Group (ASX: VTG) today announced another strong result for the six months ended 31 December 2014.

The result reflected a continued strong performance in the Group's retail business, growth in the business channel and continued productivity improvements.

The Group added six Telstra retail stores and three Telstra Business Centres (TBCs) during the period. As at 31 December, the Telstra network stood at 100 retail stores and 16 TBCs.

The Board declared a fully-franked interim dividend of 4.12 cents per share (cps), more than double the 1.91cps of the prior corresponding period. Following the special dividend of 3.00cps paid in December 2014, the Board has also declared a second special dividend of 3.00cps, fully franked, to accompany the interim dividend. Vita Group's Dividend Reinvestment Plan (DRP) will be available in respect of both the interim and special dividends.

#### RESULT HIGHLIGHTS

- 36% increase in Group revenue to \$292.7m, with Telecommunications revenue up 50% on the prior corresponding period
- Group EBITDA<sup>1</sup> (earnings before interest, tax, depreciation and amortisation) of \$25.7m; underlying EBITDA<sup>2</sup> of \$19.8m, up 64% on prior year
- \$5.9m non-cash benefit from the amortisation of the discontinued proprietary products (ESP)
- Net profit after tax \$13.4m; underlying net profit after tax (NPAT) of \$9.3m, up 121%<sup>2</sup>
- Like-for-like Telstra stores: revenue up 32%, EBITDA up 58%
- Momentum building in the business channel; EBITDA up 87%
- Underlying earnings per share (EPS) up 121%.

(\$m unless otherwise stated)	H1 FY15	H1 FY14	Change
<b>Revenue</b>	292.7	215.8	+36%
<b>Gross Profit</b>	104.6	70.2	+49%
<b>EBITDA<sup>1</sup></b>	25.7	12.1	
<b>Underlying EBITDA<sup>2</sup></b>	19.8	12.1	+64%
<b>Next Byte impairment</b>	-	19.4	
<b>EBIT</b>	20.0	(12.5)	
<b>Underlying EBIT<sup>2</sup></b>	14.1	6.9	+104%
<b>NPAT</b>	13.4	(15.2)	
<b>Underlying NPAT<sup>2</sup></b>	9.3	4.2	+121%
<b>Dividend (ordinary interim)</b>	4.12cps	1.91cps	+116%
<b>Dividend (special)</b>	3.00cps	-	
<b>EPS (cents)</b>	9.38	(10.68)	
<b>Underlying EPS (cents)<sup>2</sup></b>	6.48	2.93	+121%

<sup>1</sup> Excludes \$19.4m Next Byte impairment (H1 FY14)

<sup>2</sup> Excludes \$5.9m non-cash benefit from amortisation of ESP (H1 FY15) and \$19.4m Next Byte impairment (H1 FY14)



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Vita Group CEO, Maxine Horne, said the result reflected the Group's ongoing execution of its strategy.

"This is an excellent result that reflects the hard work and continued dedication of our team. In line with our strategic plan, we continue to focus on optimising our retail network and developing the strategic partnership with Telstra. We are seeing encouraging growth from our business channels, building from our strength in the core retail business," Ms Horne said.

"Our investment in the development of our people - in areas such as leadership and driving exceptional customer experiences - is evident in the strong like-for-like performance delivered across the network. Customers are responding to our compelling product offer coupled with personalised service," she said.

"Performance across our diversified product categories was pleasing. Mobile was strong, supported by the launch of the iPhone 6, but we also delivered growth across the fixed, broadband, media and value-added services categories in retail and business channels."

## OPERATING HIGHLIGHTS

The Telecommunications business performed strongly, recording a 50% increase in revenue to \$261.1m and 58% growth in underlying EBITDA to \$20.4m. An improved contribution from new and existing Telstra stores was offset by a lower return from the Fone Zone network, with seven Fone Zone stores closing in the period.

On a like-for-like basis Telstra stores recorded a 24% increase in revenue and a 58% increase in EBITDA. While now playing a modest role in the overall business, Fone Zone stores reported 7% growth in revenue and 37% growth in EBITDA.

As at 31 December Vita's network stood at 157 points of presence, including 100 Telstra retail stores, 16 TBCs, 10 Fone Zone stores, 14 Next Byte stores and 17 One Zero stores.

Vita Group made significant progress in growing its B2B offering, particularly in the small-to-medium business (SMB) segment where revenues lifted 72% and EBITDA 258%. This was driven by the addition of three TBCs and an improved performance from existing businesses. In the Enterprise channel, despite a 75% uplift in revenues, EBITDA was flat reflecting the investments made in establishing a platform for growth in this segment over the medium to long term.

The performance of Next Byte improved, with the business recording a small but positive EBITDA of \$0.2m, excluding \$0.8m in onerous lease charges taken on older-format stores. Newer-format Next Byte stores continue to perform to expectation.

Gross debt was \$22.2m as at period end, up from \$16.9m at June 30 following the settlement of a number of store and TBC acquisitions. Net debt was reduced from \$10.1m at June 30 to \$1.9m by period end as improved cash collections more than offset debt repayments and higher dividends.

## DIVIDEND REINVESTMENT PLAN AND UNDERWRITE

Investors who elect to reinvest one or both of the interim or special dividends in VTG shares under the DRP will be issued shares at a discount of 2.5% to the volume-weighted average price (VWAP) for VTG shares in the period 19 March 2015 to 1 April 2015.



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The record date for both dividends will be 16 March 2015. The last date for DRP elections will be 18 March 2015. The ordinary and special dividends will be paid, or new shares issued to DRP participants, on 10 April 2015.

The DRP in respect of the special dividend will be fully underwritten and Canaccord Genuity (Australia) Limited has been appointed Lead Manager and Underwriter. Vita Group will issue new shares to the Underwriter or its nominees for an amount equal to the amount of the special dividend paid out in cash to those shareholders that do not take up their DRP entitlement, at the same price at which shares are issued to participating shareholders under the DRP.

Funds raised from the DRP in respect of both the interim and special dividends will be used to invest in growth opportunities in both the retail and business channels.

The Company will not seek shareholder approval in relation to the issue of new shares as a consequence of the underwriting of the DRP in respect of the special dividend, as any such issue will be within the Company's available 15% capacity as defined in ASX listing rule 7.1.

Shareholders who wish to update or review their DRP Election are invited to do this electronically at [www.investorvote.com.au](http://www.investorvote.com.au) or by contacting Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

## OUTLOOK

Ms Horne said the Group's strategy of building a high-performing network of businesses, and maintaining close alignment with key partners was paying off.

"Overall it has been a very pleasing result. We are well placed to sustain the first-half momentum over the full year," Ms Horne said.

"Vita Group's retail channel is delivering on its promise – indeed, it is exceeding expectations – in a dynamic and competitive marketplace. However, we remain vigilant as we look to the future, and will continue to seek opportunities to drive growth and improve profitability, and create value for our shareholders and strategic partners.

"In the business channel, the improvement in contribution from our SMB offering is very pleasing. Coupled with our efforts to grow our presence in the Enterprise segment, we are confident in our strategy for the business channels," she said.

### **Further enquiries:**

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### **About Vita Group**

*Brisbane-based Vita Group is a national, ASX-listed provider of telecommunications, computers and related products through retail and business channels. As at the end of December 2014 Vita Group was operating 157 outlets, comprising 100 Telstra-branded retail stores, 16 Telstra Business Centres, 10 Fone Zone and 17 One Zero outlets, and 14 Next Byte stores. Vita Group also operates a fast-growing mobile accessories division under the Sprout brand, and a range of other value-added products and services. For further information, visit [www.vitagroup.com.au](http://www.vitagroup.com.au).*



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