Vita Group (VTG)

Results Presentation

For the year ended 30 June 2013

FY13 GROUP HIGHLIGHTS

portfolio investment driving earnings growth

Momentum from Telstra portfolio investments

14% growth in Telecommunications revenue

Very strong growth in non-mobility products

Strong growth in earnings and cash flow

EBITDA +32%[1] → EBIT +57%[1] → NPAT +108%[1]

Net debt down 72% to $2.8m

Full-year dividend up 89% to 2.83 cps

65% payout ratio

New leadership, reinvigorated focus on Next Byte

Sales competencies and retail disciplines

Execute transformation to new format

Clear strategy for long-term growth

SME and enterprise market, broad product range, investment in people and customer advocacy to drive returns

1 FY12 comparatives exclude impairment

TELECOMMUNICATIONS: HIGHLIGHTS

strong growth from Telstra portfolio investment

Telstra portfolio delivering on promise

Revenue up 14% to $344.5m

Costs flat: continued productivity improvements

Underlying EBITDA up 42% to $23.9m

- Significant growth in per-store EBITDA contribution
- Fone Zone revenues down; fewer stores, limited investment

Diversified offering gaining traction

Growth across broad product range

- Mobile consistently strong
- Fixed, broadband and media - gross profit +60%
- Industry leading attach rates (accessories, warranties)
- Enterprise and SME revenues up

NEXT BYTE: HIGHLIGHTS

refocused on portfolio transformation and execution

Performance headwinds

Revenue down 16% to $90.2 million

- Portfolio disruption – store closures and openings
- No material Apple product launches in H2

Basis for improved performance in FY14

New leadership in place

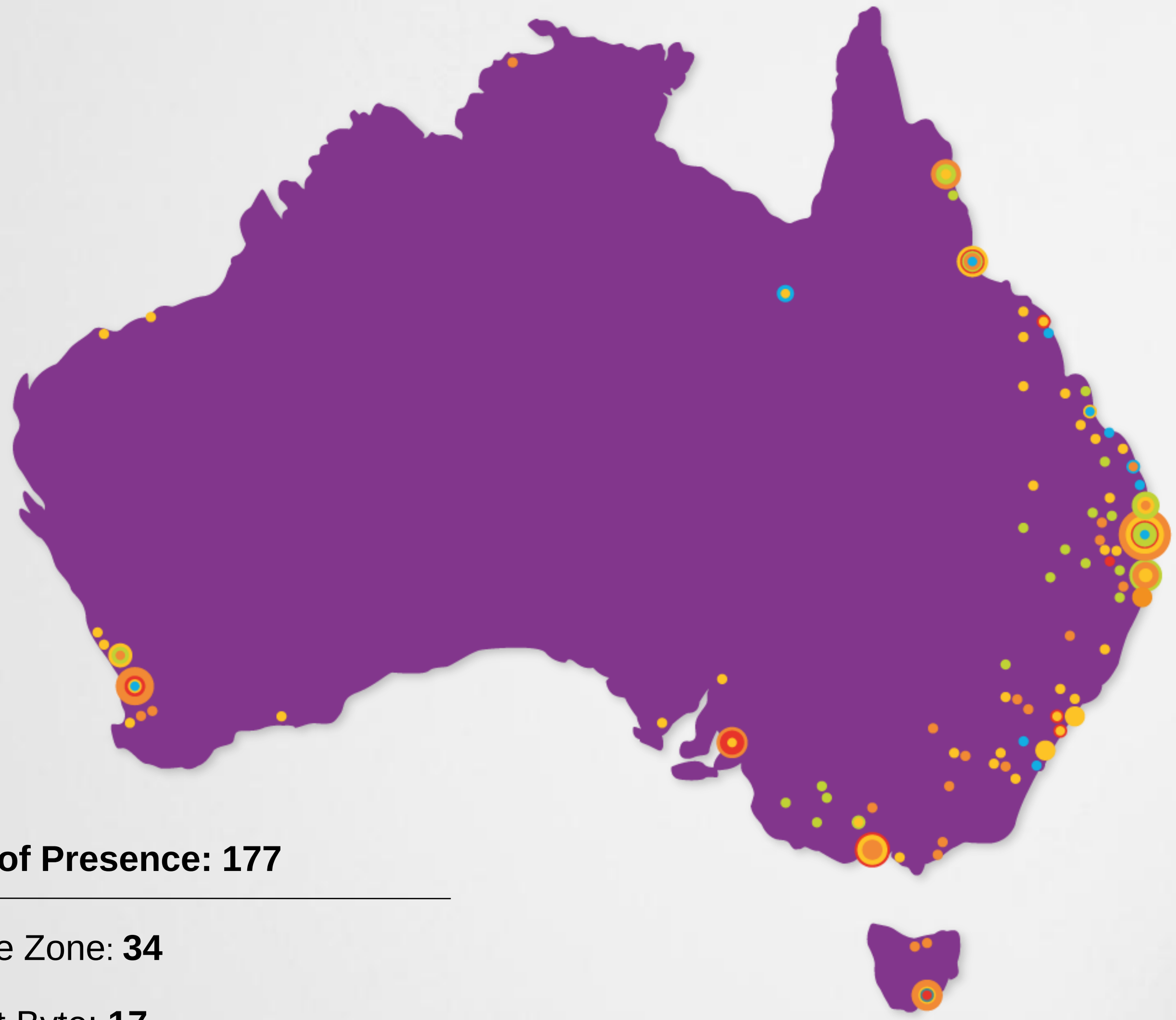
Focus on sales execution and retail disciplines

Continued evolution to new-format APR footprint

- Complementary to Apple-owned stores

PORTFOLIO UPDATE

as at 30 June 2013



Points of Presence: 177

- Fone Zone: **34**
- Next Byte: **17**
- One Zero: **30**
- Telstra: **84**
- Telstra Business Centre: **12**

FY13 Income Statement

($m unless otherwise stated)	FY13	FY12	
Revenue	**434.7**	410.4	*+6%*
Gross Profit	***137.5***	*133.8*	*+3%*
EBITDA	**22.1**	16.8	*+32%*
EBIT	**10.9**	6.9[1]	*+58%*
NPAT	**6.2**	3.0[1]	*+107%*
Dividend	**2.83 cps**	1.5 cps	*+89%*

[1] Excludes impairment of Next Byte, discontinued JV loss in FY12

Result underpinned by performance in Telecommunications and non-mobile categories

- EBITDA up 32%; higher returns from Telstra stores and growth in fixed business
- Greater leverage from interest and depreciation - EBIT up 58%, NPAT more than double FY12 [1]

Margins slightly down

- Fee revenue up 21%
- Handset margins down on prior year

Benefit of productivity gains

- Expenses down 1.0% despite growth

Cash profit growth = dividend growth

- Full year dividend 2.83 cps, +89% on FY12
- H2: 1.68 cps (0.75 cps in pcp)

Balance Sheet

($m)	**30 Jun 13**	30 Jun 12
Cash	**12.8**	13.3
Current assets (exc. cash)	**34.5**	41.2
Non-current assets	**87.5**	84.9
Total Assets	**134.8**	139.4
Current liabilities	**(72.5)**	(75.4)
Non-current liabilities	**(21.8)**	(27.0)
Total liabilities	**(94.3)**	(102.4)
NET ASSETS	**40.5**	37.0

Accelerated debt repayments

- 32% reduction in gross debt to $15.5m
- Steep debt reduction in H2 ($8.3m)
- Net debt down from $9.7m to $2.8m

Tight working capital management

- Improvement in debtors
- Lower creditors reflects timing of purchases; no change in terms
- Similar cash position despite debt pay-down

Warranty sales strong

- Reflected in unearned (deferred) revenue - will benefit future periods

($m)	**FY13**	**FY12**
Current	17.6	12.3
Non-current	10.4	8.5

FY13 Cash Flows

($m)	**FY13**	FY12
Operating cash flows	**20.1**	17.1
Investing cash flows	**(10.4)**	(16.9)
Financing cash flows	**(10.2)**	5.2
Net cash movement	**(0.5)**	5.4
Opening cash balance	**13.3**	7.9
Closing cash balance	**12.8**	13.3

Operating cash flow up 18% after tax

- Cash generation ahead of cash profits after interest and tax

Reduced call on capex

- Capital investment $10.4m, down 38%
- Fewer store fit-outs
- Rollout nearing completion

Financing cash flows:

- Acceleration in debt repayments H2
- Finance lease pay down and dividends

Cash balance neutral

FY13 - Telecommunications

($m)	**FY13**	FY12	
Operating revenue	**344.5**	303.2	+14%
Gross profit (goods sold)	**39.3**	46.1	-15%
Fee income	**83.3**	69.6	+20%
Gross operating margin	***122.6***	*115.6*	*+6%*
EBITDA	**23.8**	16.7	+43%
Points of presence (period end)[1]	**160**	163	

[1] Telstra (+5 stores), Fone Zone (-7), One Zero (-1), TBC (no change)

Telstra points of presence performing strongly

- Like-for-like revenues +9%, EBITDA +25%
- Average store earnings significantly up

Volume growth

- Leverage to Telstra network dominance, particularly 4G
- Media and fixed products

Shift in revenue mix

- Sharp uplift in fee income; handset margins compressed (offsetting higher volumes)
- More diverse product mix; fixed contribution to gross profit +60%

Productivity Gains

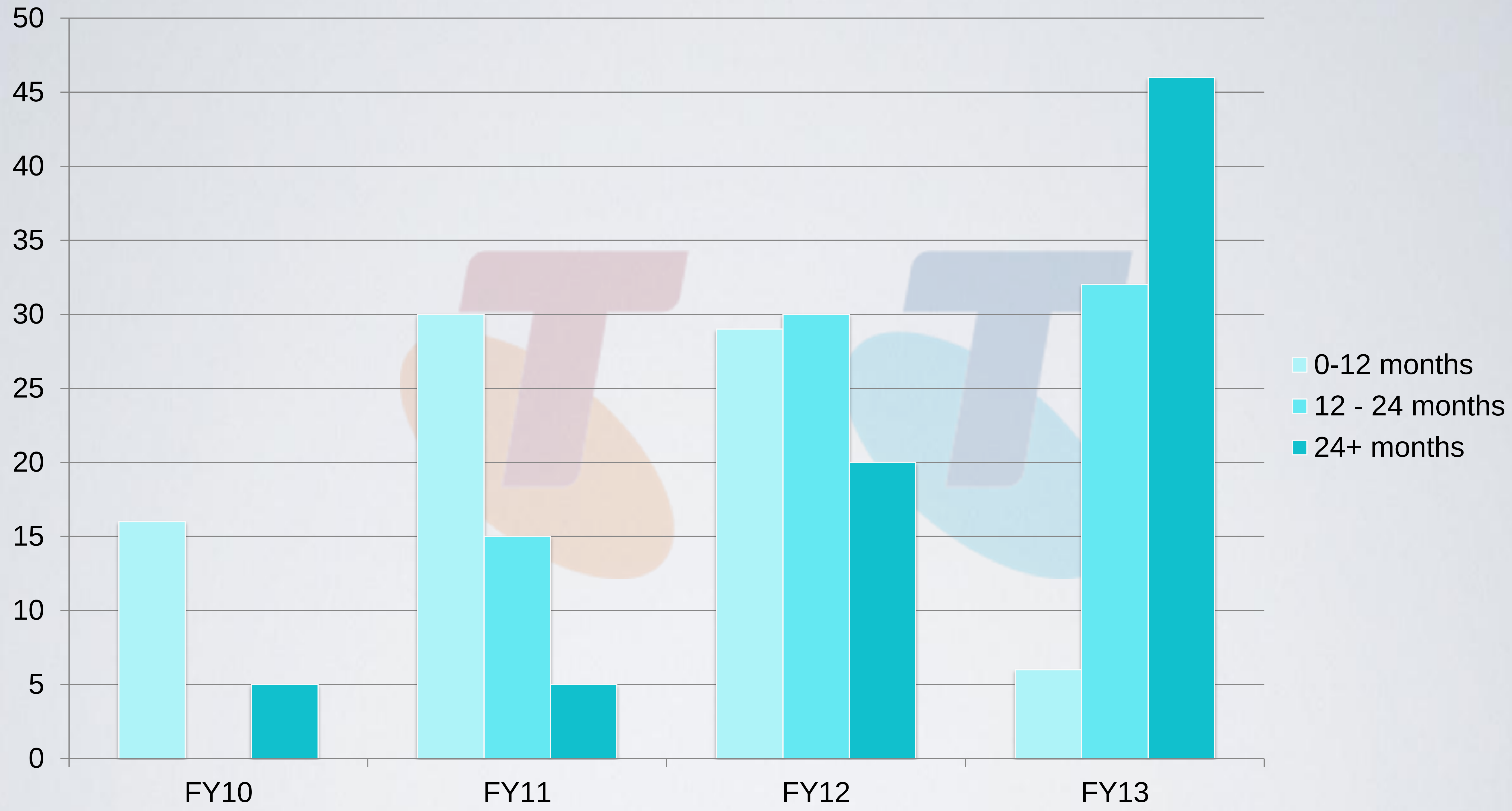
- Expenses to revenue 28.7% vs. 32.6% FY12

Business offering gaining traction

- Enterprise revenue up 35%
- Outbound + in-store model a driver of future growth

TELECOMMUNICATIONS

age profile of Telstra portfolio



FY13: Computing (Next Byte)

($m)	FY13	FY12	
Operating revenue	**90.2**	107.2	-16%
Gross operating margin	***14.5***	*18.3*	*-21%*
EBITDA	**(1.8)**	0	
Points of presence (period end)	**17**	18	

Headwinds in full-year result

- No Apple product launch in H2
- Transition of service to Unisys (one-off charge)
- Portfolio disruption (store closures/openings)
- Execution gaps

Reinvigorated commitment to new-format strategy

- New leadership in place
- Closer strategic partnership with Apple
- Investing to improve field leadership and sales execution
- Continued focus on key value drivers: connectivity and accessories

OUTLOOK
continued growth

Benefits as Telstra portfolio returns improve

- 45% of stores less than 24 months old
- Investment in people to optimise network
- Will underpin continued EBITDA growth

Demand robust across diverse categories

- Mobile solid, Telstra well positioned
- NBN supporting growth in fixed and broadband
- Apple – significant share of device market, shift toward tablets
- Continued focus on higher-margin revenue streams and high attach rates

SME & Enterprise market a key opportunity

- Shift to Cloud, IP solutions gathering pace
- Vita relatively underweight in business sector
- Natural extension of offering

HARNESSING PORTFOLIO POTENTIAL

investing in people and customer advocacy

Get, Grow and Keep talented people

- Demonstrable evidence that great leaders deliver great results
- People strategy positioned to develop great people
- Development programs and succession planning for leadership roles
- Develop leaders and sales team to improve sales capability and execution
- Reward and recognise high achievers

CARE

CARE Sales and Sales Leadership investment

- Designed to lift most important KPI metrics
- Delivers exceptional customer advocacy
- Key component of the “Grow and Keep” parts of the people strategy

STRATEGIC PRIORITIES: FY14 AND BEYOND

Investment in People

- Leadership, sales, customer experience programs – great people deliver great results

Broaden Product Focus

- Fixed and media, broadband, NBN
- Accessories and risk management products

SME / Enterprise Strategy

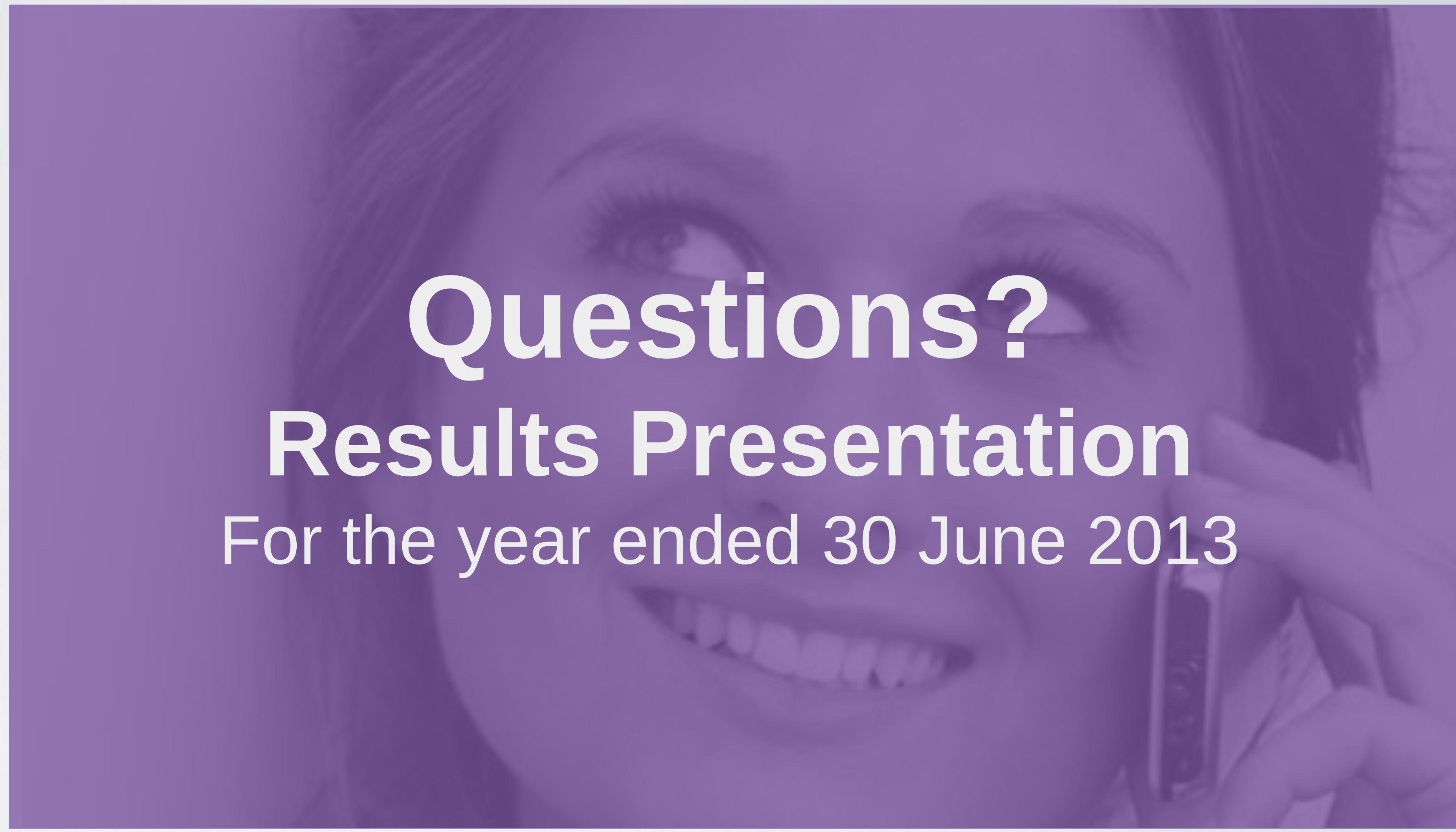
- Cloud, unified communications, managed services
- Explore organic and inorganic opportunities
- Multi channel approach: enterprise, in-store (Telstra / TBC) + outbound

Next Byte

- Execute on transition to new-format portfolio
- Performance focus; retail disciplines

Group Performance

- Continued focus on costs and working capital
- Free cash flow for debt repayment, dividend growth



Questions?

Results Presentation

For the year ended 30 June 2013

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