

CHAIRMAN AND CEO ADDRESS TO FY14 AGM OF SHAREHOLDERS

DICK SIMPSON, CHAIRMAN **Introduction**

Welcome and on behalf of the board and management, thank you for coming. Today Maxine will take you through the top line results and then I will address some additional topics.

MAXINE HORNE, CEO: **FY14 Result**

Thanks Dick, It's been another strong year for the Vita Group, building on the progress that we've made in previous years. We continued improving the performance of our retail stores as well as laying the foundation for growth in the business channel over the medium term.

To recap our financial performance, the group lifted revenue by 4% to a little over \$450 million, EBITDA by more than 50%, to \$33.5 million. Our underlying EBITDA, excluding the non-cash benefit that related to our proprietary ESP swap/warranty product, was \$27 million, which was up 22% on last year

The operating performance led to a 66% increase in underlying net profit to \$10.3 million and a 64% increase in dividend to 4.64 cents per share for the full year.

This result reflects our strength in both telecommunications and retail. We have a powerful network of Telstra retail stores and Telstra Business Centres, and we have made significant investments in people development across the business.

In telecommunications we saw a 44% increase in EBITDA to \$34.5 million off the back of a 9% increase in revenue from this division.

Going forward, the Business channel will play an increasingly important role in driving earnings growth for the Vita Group in the coming years. Our very capable management team completed important work during the second half of FY14 to define Vita's B2B offering following the acquisition of Camelon ICT Solutions just over a year ago. We now have a highly competitive proposition for this market and we can look forward to sustained growth in EBITDA derived from the business channel.



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The group's financial performance speaks for itself and is an absolute credit to all of our 1400-plus team members (my Vita peeps), who I would like to personally thank for their amazing contributions.

DICK SIMPSON, CHAIRMAN:

Thanks Maxine and let me also add that we should pay special credit to the senior leadership group, led by chief executive Maxine Horne. Vita is fortunate to have been able to assemble a leadership team of very high calibre in recent years. Their collective experience and strategic capability have been critical in shaping the performance we are seeing now. It is a settled and stable group and Vita will be seeing the benefits of their work for some time to come.

As with every year, we have had our successes as well as our challenges. One of the challenges was the impairment to Next Byte, which we announced last February. This was a necessary and prudent step, reflecting our decision to scale back the planned expansion of this network and instead invest in the very real opportunity we see in the Telecommunications space, enhancing our strategy going forward.

Capital management

We have been active looking at our Capital management options. In August the Group announced plans to re-institute the Dividend Reinvestment Plan for shareholders. We also said we would review our options to utilise the company's franking credits for the benefit of shareholders.

I am pleased to announce that we plan to pay a number of special dividends over the next few years, with the Board intending to review the position approximately twice per year. The number of dividends and the amount paid out for each dividend will be determined by the Vita Group's Board, based on market conditions and the financial performance of the Company.

The first special dividend has been declared at 3 cents per share, fully franked. Vita Group's Dividend Reinvestment Plan (DRP) will be available in respect of the special dividend. Shares will be issued at a discount of 2.5% to the VWAP for VTG shares for the period from 13 to 26 November 2014 to investors who elect to re-invest the first special dividend in shares. The special dividend will apply to all eligible shareholders on the share register at the close of business on 10 November 2014.

The DRP will be fully underwritten, and VTG will issue new shares to the Underwriter 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 will be issued under the DRP to participating shareholders.



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Shareholders will have until 12 November to elect to participate in the DRP elections and the special dividend will be paid, and new shares issued, on 5 December 201

Funds raised from the DRP will be used to supplement the Group's growth plans in its retail and business channels.

Our evolution

Today Vita Group is at an exciting point in its evolution. We are reaping the benefit of years of hard work to fine tune our Telstra store network, and are now focused concentrate on driving consistency of performance at an individual store level. We have developed a competitive platform for staking out new sources of growth in the business channel. We continue to invest in training and developing our people, which in turn supports our growth aspirations.

On behalf of the Board I want to thank the Vita team for their hard work and dedication in achieving another great year. Thanks also to our shareholders for their continued support.

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 June 2014 Vita Group was operating 161 outlets, comprising 95 Telstra-branded retail stores, 14 Telstra Business Centres, 17 Fone Zone and 21 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



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