

Vita Group Limited

2009 AGM

.the way we work .the way we succeed .the way we learn .the way we relate
.the way we grow .the way we inspire .the way we succeed .the way we serve
.the way we inspire .the way we relate .the way we relate .the way we learn
.the way we play .the way we grow .the way we inspire .the way we succeed



19 November 2009



.today's AGM

Dick Simpson
Chairman



.your Directors

- Dick Simpson, Chairman
- David McMahon, Joint CEO
- Maxine Horne, Joint CEO
- Neil Osborne, Non-executive Director
- Melinda Snowden, Non-executive Director

.the way our AGM will run

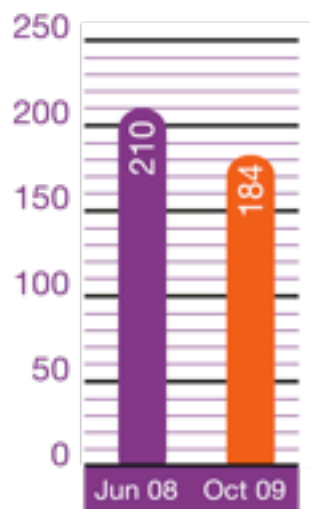
- Chairman's address
- Joint CEO's address
- Financial report, including questions and comments from Shareholders
- Resolutions & voting
 - Resolution 1: Re-election of Maxine Horne
 - Resolution 2: Re-election of Neil Osborne
 - Resolution 3: Remuneration report, including questions and comments from Shareholders
- Close of meeting

.the way we are

**David McMahon
Joint CEO**



.the way we work



FONE ZONE
101
stores

NEXT BYTE
22
stores

ONE ZERO
51
stores

T[life] & TELSTRA SHOPS
10
stores

COLOUR KEY

- Fone Zone
- Next Byte
- One Zero
- T[life] & Telstra Shops (TLS)

Queensland

- 31 Fone Zone Stores
- 4 Next Byte Stores
- 33 One Zero Stores
- 8 T[life] / TLS Stores

New South Wales

- 27 Fone Zone Stores
- 7 Next Byte Stores
- 7 One Zero Stores

South Australia

- 5 Fone Zone Stores
- 2 Next Byte Stores
- 1 One Zero Store

Tasmania

- 8 Fone Zone Stores
- 1 Next Byte Store

Victoria

- 9 Fone Zone Stores
- 6 Next Byte Stores
- 5 One Zero Stores
- 1 TLS Store

Western Australia

- 17 Fone Zone Stores
- 2 Next Byte Stores
- 5 One Zero Stores
- 1 T[life] Store

ACT

- 3 Fone Zone Stores

Northern Territory

- 1 Fone Zone Store

.the way we adapt

Store numbers	FY08	FY09		
		Opened	Closed	Total
Telecommunications				
Fone Zone	138	1	(33)	106
Telstra Shop	6	-	-	6
One Zero	47	5	5	47
Computing				
Next Byte	23	3	(4)	22

.the way we adapt

Store numbers	FY08	FY10YTD		
		Opened	Closed	Total
Telecommunications				
Fone Zone	138	1	(38)	101
Telstra Shop & T[life]	6	4	-	10
One Zero	47	4	5	51
Computing				
Next Byte	23	3	(4)	22

.the way we grow... T[life]



.the way we relate to Telstra

- New dealer agreement with Telstra signed 27 August 2009
- Vita Group will receive a total of \$23.6m over 18 months (\$12m received in November 2009) from Telstra, paid in lieu of future trailing commissions entitlements
- Vita Group has been appointed the first Master Licensee for Telstra's T[life] retail concept stores
- Agreement highlights:
 - roll out of T[life] stores (first 25 agreed)
 - more profitable business model:
 - broader product suite
 - increased upfront commission structure
 - up to 9 year arrangement
- New dealer agreement builds on Vita Group's strong relationship with Telstra over more than 15 years

.the way our new T[life] stores will look



.the way we will roll-out T[life] stores

Phased roll-out	<ul style="list-style-type: none"> • Four phases, with first phase of 25 stores agreed • 2 new T[life] stores opened – Maddington (WA), Emerald (Qld) • Each phase will take approx. one year
Agreement up to 9 years	<ul style="list-style-type: none"> • 5 year agreement • 1 year extension after each phase is successfully implemented
Combination of new and converted stores	<ul style="list-style-type: none"> • Balance of phase 1 comprises: <ul style="list-style-type: none"> – 12 converting Fone Zone – 6 upgraded Telstra Shops – 5 new stores
New store fit-out costs	<ul style="list-style-type: none"> • Budgeted fit-out costs of \$400,000 per T[life] store
Carefully managed transition	<ul style="list-style-type: none"> • Transition plan developed • Experienced Vita Group Transition Team overseeing the project

.the way T[life] stores work

New commission structure	<ul style="list-style-type: none"> • Trailing commissions replaced by up-front payment • Rewards new business growth and broader product suite
Growth in store sales	<ul style="list-style-type: none"> • Sales/m² expected to significantly improve
Broader product suite	<ul style="list-style-type: none"> • Additional products can now be offered: <ul style="list-style-type: none"> – Eg BigPond, wireless broadband, FOXTEL, etc
Store profitability brought forward	<ul style="list-style-type: none"> • Stores move to full profitability much more quickly given up-front commission
Vita Group's T[life] management	<ul style="list-style-type: none"> • 15 years experience in mobile phone retail with Telstra • 4 years experience successfully running Telstra License stores • Strong track record of growth
Payout of current trailing commission entitlements	<ul style="list-style-type: none"> • \$23.6m payment in lieu of future trailing commission entitlements • \$12m up-front, with 12 equal installments from months 7 -18 (\$13.9m FY10, \$9.7m FY11) • Payments conditional on meeting certain performance criteria

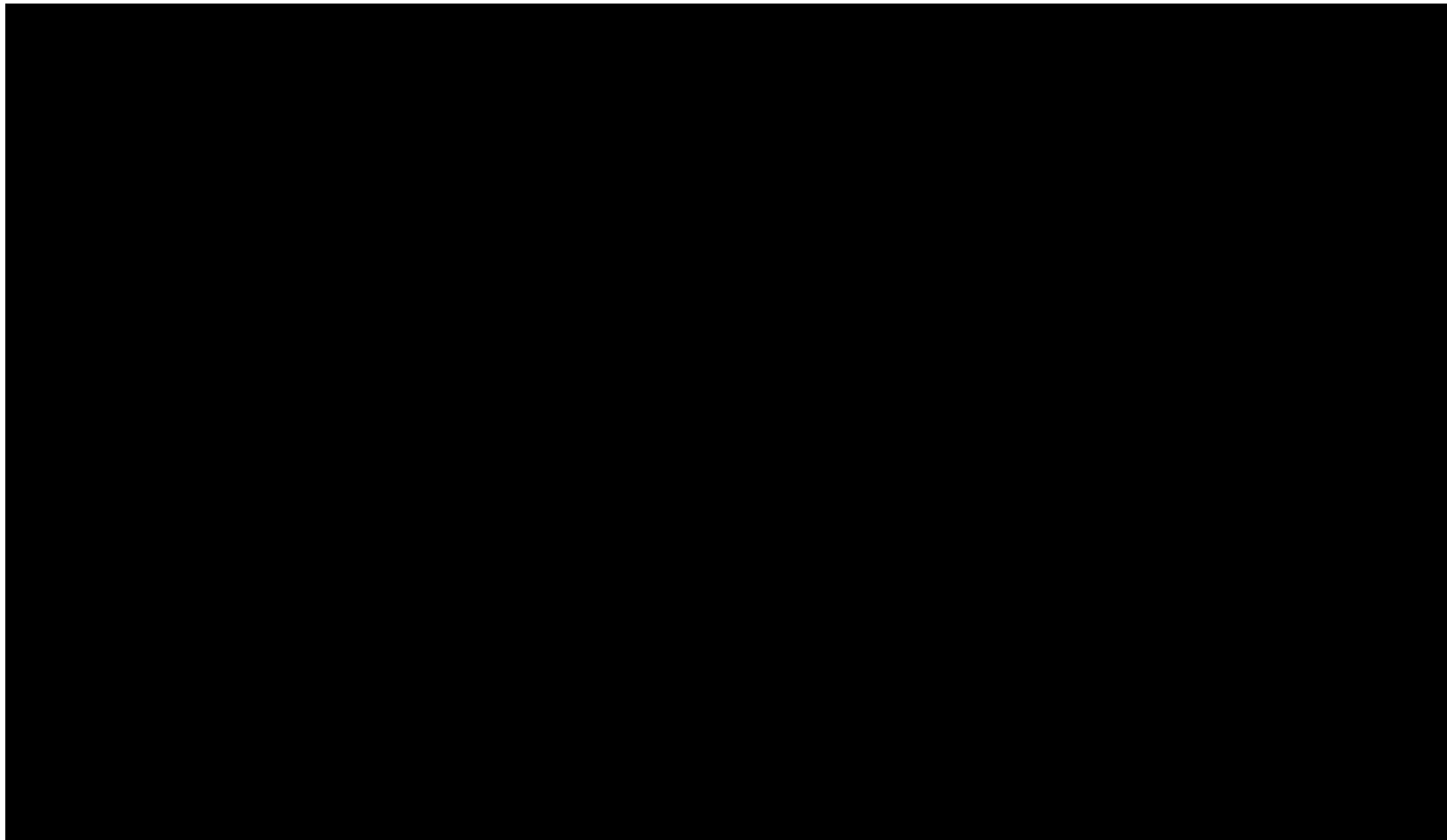
.the way T[life] has performed

- Whilst Vita's T[life] stores have only been operating for a few months, early signs are very encouraging

Current T[life] stores	<ul style="list-style-type: none"> • Maddington (WA) opened August 2009 • Emerald (Qld) opened August 2009 • Around 15 T[life] stores to be opened by end of FY10
Uplift in store revenue	<ul style="list-style-type: none"> • GP/m² higher by 253% (\$662) compared with average Fone Zone store (\$262)
Time to break-even	<ul style="list-style-type: none"> • Stores have taken only 3 months on average to break-even
Store Rollout	<ul style="list-style-type: none"> • 3 additional T[life] before Christmas '09 • Moranbah (Qld) • Riverton (WA) • Bundaberg (Qld) – existing Telstra Licensed Store conversion

T[life] Emerald Opening

T[life] Emerald Opening



.the way we perform



.the way we performed in FY09

12 months to 30 June	2009	2008 ¹	Change
Operating revenue	\$297.8m	\$310.2m	(4)%
Gross operating margin ²	35%	35%	
EBITDA	\$13.9m	\$17.6m	(21)%
EBIT	\$8.1m	\$11.0m	(27)%
NPAT	\$5.4m	\$7.5m	(28)%
Earnings per share	3.84cps	5.45cps	(30)%
Dividend per share (cps)	nil	3.5 cps	
Return on equity	13.6%	21.1%	

(1) FY08 includes 10 months of Next Byte

(2) Includes gross margin on handset sales, Telstra incentives and commissions, and other revenue

- **Telecommunications**

- Revenue down 10% to \$169.3m due to decline in consumer retail spending and reduced number of Fone Zone stores
- EBITDA down 6% to \$27.0m due to focus on more profitable sales mix, cost containment, and more efficient rostering

- **Computing**

- Revenue up 6% to \$128.5m due to only 10 months of performance in prior year
- EBITDA down 40% to \$1.9m due mainly to one-off restructuring costs, lower margins and increased competition

- **Significant restructuring and strategic initiatives achieved**

- Store Optimisation program
- continued integration of Next Byte, improving retailing skill set
- material improvement in working capital management

.business improvements

- Operational and structural improvements to lower costs and improve the performance of key business units
 - store closures, corporate cost reductions
 - new Certified Agreement for all team members
 - changing staff commission structures to more closely align payments with the profitability of each store
 - new Business Solutions division formed – business teams of Next Byte and Fone Zone combined and focused to address corporate and government sector
 - call centre for the mobile business outsourced
 - consolidation of Next Byte service and repair functions into more efficient key hub locations
- Full benefits starting to flow in FY10

.the way we see FY10

- YTD performance has been solid given operating environment
 - consumer confidence and retail spend improving
 - benefits of corporate restructuring starting to flow through
- Guidance Update
 - 1H 2010 - revenue between \$140 - \$150M in line with pcg
 - EBITDA between \$13 - \$14M*, 70% higher than pcg (normalised \$6 - \$7M)
 - NPAT between \$6 - \$7M*, 80% higher than pcg (normalised \$1.5 - \$2.5M)
 - FY 2010 - EBITDA between \$17 - 18M**, 25% higher than pcg (normalised \$16.5 - \$17.5M)

* includes a \$8.2M prepayment of 2H10 trailing commissions payout

** includes a \$700k prepayment of 2011 trailing commission payout



.the way we see FY10

- **Telecommunications**

- FY10 to be a year with renewed strategic partnership with Telstra
- T[life] roll-out and store optimisation has continued over Q1 2010:
 - 2 new T[Life] stores opened, 3 more T[life] to open pre Xmas
 - 2 new Telstra Licensed stores acquired, to be converted to T[life]
 - 2 Fone Zone stores closed
- expect to have ~ 15 new T[life] stores by June 2010, with the balance of 25 into FY 2011
- continue to build on last year's result within the Business Solutions team (won Telstra Business Dealer of the Year) to strengthen existing relationships

.the way we see FY10

- **Computing**

- working with Apple to standardise and improve Next Byte retail format, product and services mix and customer experience
- leverage off success of service channel within Next Byte
- develop standardised national Education sector offering

- **Group**

- payout of commissions of old Telstra agreement to be used to partially fund T[life] rollout
- restructure finance arrangements - reduce debt, new facility to invest in T[life] rollout

.the way we will succeed

- FY10 to be a business transforming year
- Market fundamentals are attractive, with our two main business partners – Telstra and Apple – market leaders in their industry
- Working with Apple Australia on retail strategy, demand for Apple product strong
- Renewed partnership with Telstra
 - roll-out of Vita Group's new T[life] stores
 - continued performance of remaining Fone Zone stores

The material in this presentation is a summary of Vita Group Limited's (Vita) activities and results, and is current at the date of preparation, 19 November 2009. Further details are provided in the Company's full year accounts and results announcement released on 28 August 2009.

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This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of Vita is available on our website, www.vitagroup.com.au

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19 November 2009

