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Tourism Holdings Limited NZX/ Media Release

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USA RV rentals company Road Bear to be acquired by Tourism Holdings Limited

Note all figures are in NZD unless otherwise stated.

Tourism Holdings (**thl**) today announces it has entered into an agreement to purchase JJ Motorcars Inc. which trades as Road Bear, a recreational vehicle (“RV”) rentals business in the United States based in Los Angeles. The business operates a similar model to **thl’s** rentals businesses in New Zealand and Australia.

The acquisition is expected to be completed on the 31st December 2010 for US\$5.0 million goodwill plus approximately US\$12 million to fund RVs acquired. The purchase will be fully debt-funded.

The Road Bear business is expected to contribute US\$2.1 million of EBIT to **thl’s** result over the first 12 months of ownership.

thl Chairman, Keith Smith said Road Bear was expected to provide returns at least equal to **thl’s** cost of capital from the first year of ownership.

FY2011 NPAT for the existing **thl** businesses remains in line with the previous guidance of \$4.0 million provided at the Annual Meeting.

Recent accounting standard changes now require all costs associated with the acquisition to be expensed rather than capitalised into the purchase price. These non-deductible one-off expenses will be circa \$1.0 million in the FY2011.

The combined impact of the acquisition costs, low season Road Bear trading and incremental interest totals \$1.5 million after tax, and therefore the total **thl** FY2011 NPAT guidance is now \$2.5 million. The 2012 financial year will reflect the full benefit of the acquisition.

Mr Smith said: “This is a significant milestone in **thl’s** change of direction over this period, in which we have transformed from a tourism business with diverse assets in attractions, coaching and rentals, to a leaner operation focused strongly on rentals.”

“Our existing rentals business has by far the largest footprint in its home markets, along with a proven business model. Road Bear provides an ideal opportunity to establish a beachhead in the USA, based on an operation that is profitable, a good fit with our existing business and has strong potential for expansion in the largest RV market in the world.”

Maui
Britz
Backpacker
Explore More
Ci Munro
Maui Vehicle Sales
Kiwi Experience
Black Water Rafting
Waitomo Glowworm Caves
Ruakuri Cave

The vendors Daniel Schneider and Horst Hagner will remain with the company as employees for an agreed period after the completion of the purchase by **thl**. Daniel will remain as CEO and President of the business for the medium term, whilst Horst will transition from the business throughout FY2011.

The Chief Executive Officer of **thl**, Grant Webster, said: "We know the successful performance of Road Bear in the industry, having conducted extensive in-house and external research on the USA rentals market."

"The USA market is very large – there are reported to be 8.2 million owners of caravans and RVs or motor homes and an estimated 6000 – 8000 such vehicles are available for rental in the peak season of June through September," Grant Webster said. "The business we are buying is small in that context, but has a strong market position with a premium offering."

"As Road Bear is an existing profitable business, the success of the acquisition will not be dependent on synergies with the existing **thl** business – although we believe there are potential opportunities in online marketing and bookings, trade relationships and core support services."

"Road Bear is very similar to the **thl** Rentals businesses, being based on the purchase, rental and then sale of motorhomes timed to align with variations in rental demand. Its customer base is primarily in Germany, Switzerland and the Netherlands, which are core markets for our existing businesses in New Zealand and Australia".

"Road Bear is strongly located for tourism flows and, given relatively short turnaround for both purchase and sale of vehicles, is highly flexible to cyclical and seasonal demand variations".

Road Bear currently operates a fleet of between 350 and 450 rental vehicles from five branches located in tourism gateways – Los Angeles, San Francisco, Denver, Las Vegas and New York. It has been in business since 1980 and under its current ownership for ten years.

Further information on Road Bear is available at www.roadbearrv.com.

Announcement authorised by:



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Tourism Holdings Limited (**thl**) is a premier New Zealand based tourism company and the largest provider of holiday rental vehicles in New Zealand and Australia, under the Maui, Britz, Backpacker and Explore More brands. It also operates Ci Munro vehicle manufacturing business, Kiwi Experience and the Waitomo Group, which includes Waitomo Glowworm Caves, Ruakuri Cave, Aranui Cave and The Legendary Black Water Rafting Co. **thl** is listed on the New Zealand Stock Exchange (NZSX: THL).
www.thlonline.com