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24 June 2019

## NZX ANNOUNCEMENT

### TOURISM HOLDINGS LIMITED (*thl*)

#### TOURISM HOLDINGS ANNOUNCES NZ\$30 MILLION PLACEMENT TO HB HOLDINGS AND NZ\$50 MILLION RIGHTS OFFER

- *thl* is raising capital and establishing an important cornerstone investment relationship to underpin its global growth strategy and strengthen its balance sheet.
- The company is raising approximately NZ\$80 million via a NZ\$30 million placement to HB Holdings (a wholly owned subsidiary of the CITIC Capital International Tourism Fund (CCITF)) at NZ\$4.02 per share, which settled this morning, followed by an approximately NZ\$50 million fully underwritten pro rata 1 for 9 rights offer at NZ\$3.40 per share.
- A shortfall bookbuild will be undertaken at the end of the offer period for any shortfall.
- Shareholders not taking up their rights may receive value for their rights through this process.
- *thl* expects FY19 NPAT to be between NZ\$25M and NZ\$27M<sup>1</sup> and reaffirms its intention to declare an FY19 final dividend of 14 cents per share (to be imputed at 50%), consistent with FY18.

*thl* has identified CCITF as a strong supporting shareholder for its global strategy and CCITF's participation leading this capital raise supports *thl*'s global growth, while opening up the potential of the China market which CCITF and *thl* are working on together.

Tourism Holdings Limited (NZX:THL) is focused on establishing itself as a global leader in the recreational vehicle (RV) market and maintaining its focus on Return on Funds Employed<sup>2</sup> (ROFE) as it pursues global growth. *thl*'s global growth strategy is to:

1. Protect and grow its core business by focusing on operational improvements and leveraging existing infrastructure and capabilities;
2. Capture travel technology opportunities through the TH2 joint venture with Thor Industries, with an emphasis on asset-light highly-scalable models; and
3. Pursue acquisition opportunities that align with *thl*'s core business capabilities across both *thl*'s existing core markets of New Zealand, Australia and North America, as well as growth markets where *thl* does not currently operate (e.g. Europe and China).

<sup>1</sup> Excludes potential one-off Australian tax liability of approximately A\$3.6M.

<sup>2</sup> Return on Funds Employed (ROFE) is a non-GAAP measure that *thl* uses to measure performance of business units, and the Group, in relation to the financial resources. ROFE is calculated as EBIT divided by average monthly net funds employed. Net funds employed are measured as total assets, less non-interest bearing liabilities and cash on hand. The calculation is done in NZ dollars.

#### Self drive experiences

New Zealand  
Australia  
USA  
UK

#### Design & manufacturing

New Zealand  
Australia

#### Guided experiences

New Zealand

The equity capital raising will:

- Create additional balance sheet headroom and provide **thl** with financial flexibility to undertake smaller bolt-on acquisitions without the need to raise additional equity capital, allowing it to more quickly respond to opportunistic situations as they arise;
- Fund near term investment in travel technology opportunities through TH2; and
- Reduce debt levels and leverage, which **thl** considers to be prudent at this time given headwinds in some markets (e.g. USA).

### **FY19 Guidance and Trading Update**

**thl** expects FY19 NPAT to be between NZ\$25M and NZ\$27M<sup>3</sup> and reaffirms its intention to declare an FY19 final dividend of 14 cents per share (to be imputed at 50%), consistent with FY18.

**thl** notes that the implementation of outcomes from **thl**'s USA review are currently on track. Recent USA vehicle sales have been in line with forecasts and **thl** remains committed to reducing capital deployed in the USA business in order to improve ROFE.

TH2 continues to represent a significant opportunity for **thl** and **thl** continues to invest. **thl**'s share of FY20 investment (which will be reported in the income statement as NPBT losses) is expected to increase to US\$8.5M, owing to a delay in some software development and reframing of some opportunities. TH2 is now projected to at least breakeven at a NPBT level in FY22.

Other businesses are performing to expectations, with EBIT growth in FY19 expected from NZ and Australian rentals, the NZ tourism business and Just go. Action Manufacturing has experienced lower margins in FY19. FY20 rental demand is expected to remain strong across the business.

For further detail on FY19 trading and outlook for **thl**'s various business segments, please see the associated investor presentation.

### **CCITF Placement**

**thl** has placed NZ\$30M of shares to HB Holdings, a wholly owned subsidiary of CCITF, by issuing 7,462,686 shares at a price of NZ\$4.02 per share (relative to the closing price on the NZX on 21 June 2019 of NZ\$4.04 per share (Last Close)). This increases HB Holdings' shareholding to 16.9% of **thl** (prior to the Rights Offer) from its current 11.9%. HB Holdings has committed to take up its entitlement under the Rights Offer. To the extent HB Holdings bids for and is allocated shares as an outcome of the shortfall bookbuild (explained below), its shareholding would increase above 16.9%.

Following the completion of the capital raise, the **thl** Board intends to appoint Dr. Guorong Qian to the Board of **thl**. Dr. Qian is the Vice Chairman of CITIC Capital Holdings Limited (CITIC Capital) (the General Partner of CCITF) and will be a non-independent director of **thl**.

CITIC Capital is a globally focused, China-based, alternative investment management and advisory firm, managing over USD\$26B in assets. The Placement strengthens **thl**'s relationship with CITIC Capital, which brings a wealth of global tourism experience through CCITF and the ability to access RV opportunities in the rapidly expanding Chinese market (without an obligation for **thl** to commit capital).

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<sup>3</sup> Excludes potential one-off Australian tax liability of approximately A\$3.6m

### **Rights Offer and Shortfall Bookbuild**

Under the Rights Offer, eligible shareholders are entitled (but not obliged) to subscribe for 1 new share for every 9 existing shares held as at 5.00pm on the record date of 2 July 2019, at an issue price of \$3.40 per new share. This represents a 15.8% discount to Last Close and a 14.5% discount to the Placement adjusted Theoretical ex-Rights Price (**TERP**)<sup>4</sup> of \$3.97 per share, post the Placement and the Rights Offer (based on Last Close). Any entitlements that are not taken up by eligible shareholders and entitlements of ineligible shareholders will be offered for sale in the shortfall bookbuild. Eligible retail shareholders will have the opportunity to participate in this bookbuild alongside institutional investors.

The **thl** Board, the CEO and CFO intend to participate in the Rights Offer.

Full details of the Offer will be sent to eligible shareholders. Information on the Offer, including the investor presentation lodged today, are available on **thl**'s website [www.thlonline.com](http://www.thlonline.com) or on the NZX at <https://www.nzx.com/companies/THL>.

### **Key dates**

The record date for determining entitlements to participate in the Rights Offer is 5.00pm on 2 July 2019.

Other key dates (which are subject to change) are as follows:

- Announcement of Offer and settlement of Placement to HB Holdings: 24 June 2019.
- Record date and allotment of Rights: 5.00pm NZ time on 2 July 2019.
- Offer Document and Acceptance Forms are sent to eligible shareholders: 3 July 2019.
- Opening Date: 4 July 2019.
- Closing Date: 5.00pm NZ time on 16 July 2019.
- Shortfall Bookbuild: 18 July 2019.
- Settlement and allotment date for the Rights Offer: 23 July 2019.
- Expected date of quotation of New Shares: 23 July 2019.
- Payment of any premium achieved in the Shortfall Bookbuild: By 24 July 2019.

For questions about this Offer, shareholders should consult their broker, solicitor, accountant, financial adviser or other professional adviser.

**thl** has appointed Jarden Securities Limited as lead manager of the capital raising, with the Offer fully underwritten by Jarden Partners Limited. MinterEllisonRuddWatts has provided legal advice.

END

Authorised by:



Rob Campbell  
Chairman  
Tourism Holdings Limited

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<sup>4</sup>TERP is the price at which **thl**'s shares should theoretically trade at, immediately after the shares become ex-entitlements.

For further information contact:

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