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MEDIA | NZX RELEASE
TOURISM HOLDINGS LIMITED (thl) ANNUAL MEETING – 31 OCTOBER 2019
CHAIRMAN | CHIEF EXECUTIVE ADDRESS

SLIDE 1 – Tourism Holdings Ltd Annual Meeting

SLIDE 2 – Welcome
Tena koutou katoa.

Welcome to the 33rd Annual Meeting for Tourism Holdings Limited. My name is Rob Campbell, your Chairman.

As we have a quorum present, and it is 2:00pm, I declare the Annual Meeting open.

Before we move on to the agenda, I will cover a couple of housekeeping matters. If you have a cell phone, please turn it to silent. If we need to evacuate this room for any reason, please head back to the lifts and exit via the stairwells by the lifts. The assembly point is down Shortland Street and please follow the instructions of the fire wardens

Firstly I want to acknowledge last week's events and the postponement of our original meeting.

We thank you for your patience with us, while we quickly arranged for an alternate date and venue. We have done our best to accommodate for everyone's schedules, while trying to hold the meeting as soon as possible. Unfortunately, our directors Graeme Wong and Dr Guorong Qian are apologies today. I would like to acknowledge, in particular, Guorong's commitment, as he had flown to New Zealand last week in order to attend the Annual Meeting. In order to hold the meeting promptly, we were unable to accommodate for Guorong's attendance in person today, as he had a significant prior commitment in Singapore. He has prepared an address to shareholders, which I will provide to you in his absence later in the meeting.

We are conducting this Annual Meeting simultaneously here and online. I am joined by fellow directors Debbie Birch, Kay Howe, Gráinne Troute, Cathy Quinn and Rob Hamilton. As already noted, we have apologies from Graeme Wong and Guorong Qian.

Graeme Wong and Kay Howe are retiring at the end of the meeting and we will come back to acknowledge their contributions. We're also joined by our Chief Executive Officer, Grant Webster, Acting Chief Financial Officer, Steven Hall and Company Secretary, Amir Ansari. Our Chief Financial Officer, Jennifer Bunbury, gives her apologies, as she is currently on parental leave; returning on a part-time basis next month and full-time from mid-January.

In the audience today, we have a number of the team from within the ***thl***, Kiwi Experience, Action

Manufacturing and Togo Group businesses.

SLIDE 3 – Proxies and Postal Votes Received
As indicated on the screen, we have received 34.7M valid proxies and postal votes, representing 23.5% of the ordinary shares on issue. Of those, 27.0M have identified me, as Chair of the meeting, as proxy.

SLIDE 4 – Our Recent Market Announcement
Shareholders are aware that we provided an earnings update last Monday, which warned that the adverse market conditions for RV sales in North America had impacted our retail and wholesale margins substantially. We noted that if this continued during the winter months and, more importantly, into the spring season towards the end of our current financial year, then net profit after tax would fall significantly below the average earnings projections of the four analysts who cover ***thl***. We also noted that rental activity was at reasonable current and future booking levels, although the North American market is very competitive, and that our Australasian businesses are performing to expectations. In all markets, we consider that our share is growing and that our competitive position and offer is strong.

It will be obvious, but appears to need restating, that we do not control the North American market for sales of used recreational vehicles. We will always face volatility. The present downturn is one of the most serious and prolonged.

We are better placed to react and to develop our long-term market position than we have ever been before. Given our market position and careful fleet management, we are navigating the market without sustaining losses or weakening our future rental market offer. This is good asset management and business operation, and we continue to improve our systems and efficiency through this period.

This is not a time for short-term thinking, but a time to retain clear focus on our long-term goals and to utilise our balance sheet and expertise to realise those goals.

SLIDE 5 – Meeting Structure
Moving on to the rest of the meeting, I will first speak to our adoption of the Future-Fit Business Benchmark. In this context, the adoption of the Future-Fit Business model is relevant. No aspect of this new model of governing and managing this business is a distraction from long-term profitability. On the contrary, it is required in order to provide a firm foundation in a world that is subject to radical and sudden change. The tourism industry is very sensitive to social, economic and environmental change. Accordingly, the industry itself must be ready and willing to change, not just in response to, but in anticipation of, the coming change. The logic is consistent with our corporate activity to strengthen our position in the North American market and to invest in the digital services component of the tourism and RV industries through our Togo Group joint venture.

Given the significance of this decision for the future of ***thl***, I will then open the meeting for questions on Future-Fit, as we look to engage in an open dialogue with our shareholders. I will then provide a brief strategic overview, and then hand over to our Chief Executive, Grant Webster, to provide more detail on the year that has passed and our outlook for the near future. We will then conclude with the formalities of the meeting, including the resolutions as detailed in the notice of meeting.

SLIDE 6 – A Clear Path

Over the last 12 months, we have made some significant changes, including the adoption of the International Integrated Reporting Framework, the Six Capitals Framework and the Future-Fit Business Benchmark.

We completed our first sustainability report in 2017. That has quickly evolved to this year, where we completed our first fully Integrated Report. The report is available online and I congratulate the team involved in preparing it – it was a significant amount of work. I encourage those of you who have not yet had a chance, to read it.

Moving forward we will be reporting more detail about our strategy, business model, vision and governance than ever before. In our view, this type of integrated reporting is essential in order to allow you, as the shareholders of the company, to make fully informed decisions about your choices of where to invest. We have, over the years, been clear about what has worked well and what we need to do better. However, the reality is that this has been primarily financially focused. Not a bad thing - but also not the only measure that you, as shareholders are, or should be, interested in. As we move forward we will disclose more about the details of how we operate, the outcomes of our actions in a variety of ways; all in alignment with the kinds of measures you expect from us today.

We have adopted the Six Capitals Framework. In doing so, we are considering a wider range of issues and opportunities that we had not previously actively considered. We see this as critical for business moving forward and, indeed, a competitive advantage for the sincere early adopters. I emphasise that it is not simply a matter of how we report, but a matter of how we make all management and board decisions.

SLIDE 7 – Approach to Sustainability

As you know, the management team, supported fully by the Board, have been very focused on sustainability initiatives over a number of years. They, rightly, questioned themselves over the last 12 months as to whether what they have been doing was enough; the right things - and whether it leads us in the right direction for the type of business that is going to be successful in the long term, given all market conditions. There was clearly a need for greater clarity and measurement. Our goals primarily focused on how we can do better in the short term - we were missing a north star. This led the team to the Future-Fit Business Benchmark.

The Future-Fit Business Benchmark team say FFBB is about "defining a line in the sand to really assess extra financial performance in a holistic way. The Future-Fit Business Benchmark provides guidance, grounded in investigable science, provides actionable insight and measures the things that matter, so we manage the things that matter."

SLIDE 8 – Future-Fit Statement

From a ***thl*** perspective, what resonates for us is, not only the vision, but the measurability and outcome focus. Of course we want to contribute to a Future-Fit Society - a society that protects the possibility that humans and other life will flourish on Earth. But we want to do that in a structured and sensible fashion, which is clear and understandable, and relates to the generation of a profitable business.

We know, as shareholders, that you hear a lot about corporations wanting to do "good", especially publicly listed ones. What we are intending to provide you with is:

- Clarity on where we are at;
- Transparency on what we are targeting to achieve;
- Strong measurability on our current state and performance against our targets; and
- We want to deliver leading products and services that customers desire, in a manner which is economically, socially and environmentally sound.

SLIDE 9 – 23 Break-Even Goals

To become a Future-Fit Business is an ambitious goal – it will be a journey and we do not currently know how long it will take us to get there, but we know that we must take action. In an ever more complex and uncertain world, yesterday's business models are no longer fit for purpose. We must find new ways to create value for both our shareholders and society over the long term, without betting the farm at one time.

In order to become a Future-Fit Business, we must achieve 100% against each of the 23 Break-Even goals currently presented on the screen. I think, if you seriously consider these goals, there are none that aren't considered just good business.

We are realistic - it is not lost on us that we operate a fleet of over 6,000 diesel vehicles globally. Ultimately, we need to become a net positive contributor in order to undo some of the damage to the environment historically.

SLIDE 10 – What Does This Mean For Us?

As our shareholders, you are surely questioning what impact this will have for ***thl***. We will be challenging our business model to ensure that it is fit for the future. Across all decision-making in the business, we will be assessing each of the six capitals and all of our internal reporting is changing to follow the same approach.

We are not steering away from our focus on return on funds employed. In certain circumstances we will make extra-financial investments that may, in the short term, provide returns below our ROFE target. Significant time and consideration will be given to making these decisions.

We will assess the costs, the benefits and, importantly, the probability of the outcomes.

The change in financial terms is not about the level of returns, which we continue to target as being significantly above our cost of capital, but rather the time scale and sustainability of those returns. It will not be easy for analysts sifting through the detail of reports and commentaries for short-term profits to adjust to this change. However, for long-term investors making measured decisions, we believe the change will be welcome. It is certainly consistent with what the major institutional investors are stating as their objective.

SLIDE 11 – EV Example

Let's discuss the electric motorhome investment as a small case study. We want to eliminate carbon emissions from our fleet. As an aside, within ***thl*** we don't believe in just offsetting emissions. That is a story for another day; however, simply put, we want to eliminate the cause, not just mitigate the current outcomes.

We could, as an organisation, wait on the side-lines and see what happens with electric motorhomes, let others invest and wait for a time when the financials returns are clearer and more certain. We have assessed that option and, to be honest, continue to assess it. We have determined that we will take a leadership position, based on research, financial assessment and a strong belief in the probability that we will gain significant competitive advantage from the work we are doing today.

The management team have researched customers' preferences and desires (both current and potential customers), what the chassis supplier situations are globally and have an understanding of some of the risks and uncertainties around the likes of batteries and charging technology infrastructure. There is regular board reporting on these topics and an analysis of the tipping points, where activity and outcomes are expected to cause a rapid growth in the take-up of EVs in a profitable manner, aligned with our ROFE goals.

In addition to all this, there are clear financial models we have created which show the expected returns in time from a financial perspective, but also the other broader capital impacts.

We have learned a lot to date and are clear that the vehicle driving range is still the largest inhibiting factor to a large scale roll out of the EV proposition. At the same time, we now know more about how to maximise range within the vehicles, what is required from other partners in the supply chain for a great customer experience and even what the running costs are compared to conventional fossil fuel combustion engines.

In summary, we are doing what every business should - reviewing customer needs, creating new products and ensuring that we have a business with a future, whilst delivering to a broad range of societal needs. This is the type of measurability that comes with the FFBB benchmarking and what you should expect from business. Not just rhetoric - but clear, justified investment and process.

SLIDE 12 – Measurement and Immediate Cost
We don't yet know what all of the costs and investments will be for us to reach the Future-Fit goals, but we will be working to understand this as we progress our Future-Fit implementation work over the next 12 months.

As a start, we will be investing around $500,000 in FY20 to resource the implementation of Future-Fit globally. The team involved (most of whom will be on short-term contracts) will be helping us assess where we stand today in close to 50 locations around the world. They will assist with creating systems to enable easy reporting in the future, creating training plans to ensure processes are appropriate and assist in creating a culture that ensures we deliver all of the benchmark requirements - financial included.

SLIDE 13 – Future-Fit Q&A
I would now like to invite you to raise any questions you may have about the Future-Fit initiative. We are also open to discussing questions one-on-one after the meeting, if you desire to be more private

about your queries. Our GM Responsible Management, Saskia Verraes, who leads the Future-Fit initiative internally, is also here and open to chat after the meeting.

Are there any questions on Future-Fit?

[Questions]

Thank you for your questions – we appreciate the engagement that we receive from our shareholders on critical decisions such as this.

SLIDE 14 – Board Performance and Accountability
Consistent with our commitment to a Future-Fit Business I believe we should review our approach to governance, including director election and retention, to see if it is consistent with the principles a Future-Fit Business inspires. The question of boards, their roles, appointment processes, capability and performance management are all ones that I consider as a Chair on an ongoing basis.

We are the guardians of your investment and we take that responsibility very seriously. You should, in my view, be able to have a strong degree of confidence that the board representatives are diligent, contributing and skilful.

My own view is that all boards across New Zealand should be challenging themselves on the best approach to board composition - including from a diversity, experience and skills perspective. I also believe the issues of tenure and effectiveness should be openly discussed in board rooms. I will be discussing some ideas and concepts with shareholders over the coming months and look forward to your input.

SLIDE 15 – The Current Board
During the year, Rob Hamilton and Dr Guorong Qian joined our board. Rob is currently the Chief Financial Officer at SkyCity and had a career in investment banking prior to joining SkyCity. Guorong joins us as a representative of our shareholder, CITIC Capital. He has been with CITIC Capital since its founding and is currently its Vice Chairman, and President of CITIC Capital Equity Investment.

In compliance with the NZX Listing Rules, each of Rob and Guorong will be placing themselves up for election at this meeting.

We also have two of our longest serving directors, Graeme Wong and Kay Howe, stepping down at the end of this meeting. Again - in order to hold our annual meeting promptly, we were unfortunately unable to accommodate for Graeme to attend in person today.

Graeme joined the ***thl*** Board in November 2007 and has been the Chair of our Audit Committee since 2015. He has been a part of a number of significant changes in ***thl***'s history. ***thl*** today is very much a different business from the time Graeme joined.

Kay joined the ***thl*** Board in October 2012 and has been the Chair of our Marketing & Customer Experience Committee since 2017. Kay was a founder of United Vehicle Rentals, which merged into ***thl*** in 2012. Kay has brought hard-to-match industry experience to the ***thl*** Board over the last seven years.

Both have been very diligent and dedicated contributors to ***thl.***

On behalf of the ***thl*** Board and management, I would like to take this opportunity to thank both Graeme and Kay for their contribution to ***thl***. We wish them both the best with their future endeavours.

Following the close of this meeting, the ***thl*** Board will consist of six directors, which we consider an appropriate number and, therefore, will not look to fill Graeme or Kay's positions at this point in time.

SLIDE 16 – FY19 Results
We released our integrated report on 27 August. Our financial results are covered in extensive detail in that report. Grant will cover the core facts and so, rather than repeating that information, I will speak to ***thl***'s business model and strategic direction, before handing over to Grant.

FY19 results were well below our expectations, but have elements that need to be positively acknowledged. The USA RV market had its largest decline in wholesale shipments since the GFC and, likely, the second largest one-year decline in its history. Given ongoing market declines in retail RV sales activity, and further to the USA operational review released in May, we are reviewing the business performance and operating model again.

The difficulties in the US have, however, overshadowed great performances by a number of our other businesses. Our New Zealand, Australia and Waitomo businesses all delivered record EBIT results. We have very strong ROFE from these businesses as a whole and strong teams.

SLIDE 17 – Longer Term Guidance
We have previously discussed our longer term guidance and the fact that there is inherent uncertainty in those numbers, but they provide you, as shareholders, with an understanding of what we are targeting - and internally it provides a very clear expectation that we strive to meet.

Our last stated goal was to achieve $50M NPAT. We are clearly not on track to achieve that goal within our expected timeframes. The reasons are simple - the USA market and the ongoing investment in Togo Group. The rest of the core business is essentially on track with the goal. We are focused on ensuring that the USA is managed appropriately in difficult and unusual trading conditions and we remain confident in the longer term position of Togo Group.

Therefore, we still have the goal to achieve an NPAT of $50M with the business that we have today. It will require the USA performance to improve, but otherwise it remains an achievable and appropriate goal - one which management understand and need to deliver. If we were to add a date to this goal now, we would need confidence about the timing of the USA business rectification - and that is not something we are able to do at this point in time.

SLIDE 18 – Chairman's Closing Comments
Last year we set out a three-fold strategy. To be a global player in the RV market, to sustainably maximise returns and to engage in the broader RV ecosystem. We are well underway on executing that

strategy. We will, at times, face headwinds - as we are currently facing in the USA. That does not change our trajectory, nor does it mean we should abandon the opportunities that we are exploring through our joint venture Togo Group or ignore the other global opportunities for growth and acquisitions.

Togo Group continues to engage in a variety of areas in the wider RV ecosystem. A number of their businesses have moved on from their initial stages and the opportunities are very real.

We said last year that we would continue to invest in Togo Group if we had confidence in its performance. The opportunity with Togo Group is substantial and we are making progress – as such, we are continuing to invest. Grant will discuss Togo group in more detail.

I will now pass on to Grant.

SLIDE 19 – Chief Executive's Address
CEO Address – Grant Webster

Thank you Rob.

As we have in previous years, we will provide a brief update on the results and highlights for the prior year, and then focus on new initiatives in the business and direction for the coming years.

Firstly, a quick overview of the FY19 result.

Without considering the one-off items relating to the formation of Togo Group in FY18:
- We delivered an ordinary NPAT result of $27.9M;
- Revenue was down 1% for the year;
- Our ordinary EBIT was $62.1M - down 2%; and
- We delivered a full year dividend in line with the prior year, at 27cps.

SLIDES 20 - Key Events
The last 12 months have been a busy time at ***thl***, with a number of key events that I will touch on. I will discuss the release from earlier this week, providing a further update on the USA.

As Rob has covered, we commenced our journey to become a Future-Fit Business. This initiative will guide our path into the future. Importantly, we are confident that this will be critical to ensuring we are around in another 35 years as a business; succeeding, meeting the needs of customers, shareholders, the community, our team and the environment.

In July, we completed our $80M capital raise, which included a $30M placement to our existing shareholder CITIC Capital, and a follow-on rights offer. We raised capital to strengthen our balance sheet, provide greater flexibility to execute on M&A opportunities, and for further investment in Togo Group. We received strong support in both the rights offer and the shortfall book build, which brought a number of new investors onto our share register. Thank you to our existing investors, and also to our new investors, for your support in our journey.

As I have noted in the past, ***thl*** has a long history of M&A activity – it is part of who we are and we are always exploring opportunities for growth by acquisition. We have had a number of potential acquisitions explored over the last 12 months, which did not eventuate. We explored, in detail, two acquisition opportunities involving overseas businesses. The outcome is disappointing, but we decided not to proceed with these opportunities because we applied the same capital disciplines that we have in our operating business. We are disciplined on pricing and do not mind missing chances to reduce value.

We have continued discussions with several parties around the globe. My summary at this point would be that vendors are open to sell at present – but, with the realities of today's trading environment, this hasn't yet translated to lower price expectations. Where there is an appropriate transaction at the right price, we will act.

In my view we are building relationships; enquiring, but not getting distracted from the core operation of the business at the same time. We have, for many years, managed the business and explored opportunities - and that shouldn't stop, or we will stop creating a future of growth.

As an example, there was one entity in North America that we explored and rejected, based on the fleet values and our concerns on the ability of that fleet to be sold at a realistic price. Most other metrics in that business were attractive in some manner. We know what to look for and will remain disciplined.

SLIDE 21 – USA Performance
The USA business is rightly a point of focus for everyone.

The results for the last year have been well traversed, so I will focus on the current and future expected state.

SLIDE 22 – Our USA Performance

The information provided on screen summarises our performance in the USA for the first quarter of FY20, particularly in the vehicle sales context. In summary:

- From a vehicle sales perspective, we are down over 40% in margin on the prior corresponding period. Our margins have also been impacted by some one-off bulk deals within the wholesale market, which have also kept our vehicle sales by units in line with the prior year.
- From a rentals perspective, we have near flat revenue against last year to date, and our forward book for the remainder of this calendar year looks ok. The early stage outlook for calendar year 2020 is positive, and we are currently seeing yield and volume growth for that period.

The current difficulties in the USA vehicle sales market are a market issue, and I will shortly speak to our view on the wider market. However, we have a responsibility to do everything we can to manage these issues effectively.

SLIDE 23 – USA Market Context
In the wider USA RV market, we see the current context as follows:

- We understand that the excess wholesale and dealer inventory that impacted FY19 has been cleared.

- We know that retail sales, however, have recently continued to decline - with recent figures showing a 15% decline on last year.
- The motorised sector of the industry is suffering more than towable.
- The outlook is for further declines in calendar year 2019. The RVIA[1] has forecast a 17% drop in 2019 for total new RV shipments in North America, and a further drop of up to 8% in 2020.
- This has resulted in severe cuts to margins within the dealership networks, which has impacted us.
- We are seeing very different results by week and state to state; the market is volatile and uncertain. Uncertain in this context includes the potential for recovery in margin and volume in the North American springtime.
- We have full confidence that the current market conditions are not secular and we will see a recovery in time. Over the very long term (greater than 40 years), compounding growth rates for this industry are around 3.5% - as is illustrated in the diagram currently provided on screen.

The USA rentals market update is as follows:

- We continue to see some price pressure in the domestic market from the peer-to-peer players.
- Balancing that, the international market demand remains strong; however, we have seen some yield pressure, as the industry has had excess fleet (due to the lack of sales).
- We believe the international market players have all adjusted fleet purchases and, thus, reduced 2020 fleet numbers to match the change in demand domestically, thus improving yields as reflected in our early bookings for this period.

Overall, we are making money in the USA. We are pulling back the invested quantum of funds we have in the USA, reducing fleet, and receiving cash from this business in this period. We have a strong belief that the market declines will abate and growth will return and we will be in a position to maximise that growth.

SLIDE 24 – Update on USA Review
It is important to update you on the progress of the previous review we conducted.

In short, we are on track with the changes we proposed.

We have closed locations, reduced team levels, reduced costs and, importantly, have reduced fleet purchases dramatically. The review is not a point in time exercise – we have further reviews underway.

We would encourage you to have a look at some of the other RV-related publicly listed entities in the USA. The current situation is clear - as is the confidence in the future.

SLIDE 25 – Togo Group
The Togo Group business has had a big year of change and development. In short, as per the previous commentary from ***thl*** and the Chairman's comments today, we remain committed to this business and the future potential.

[1] RV Industry Association

Progress in this business has not been as fast as we had intended. We have delivered on the core product launch dates; however, the customer traction from the Togo product was not deep enough. In simple terms, we didn't offer enough features and benefits to warrant the cost to the consumer. The product was live - but also had some user experience issues, which were unacceptable. We stopped marketing the product aggressively as a result. Importantly, the addressable market for the business is substantive and we don't see any changes in that over the last six months. The competitor set has also not changed - thus, we see the opportunity remains.

We understand the need to be as clear as we can about our performance and metrics and will always look to do that, whilst protecting the competitive position of the business.

This slide shows our progress to date.

The Togo RV app currently has over 70,000 registered users; however, as noted, we pulled right back on marketing, as the product is enhanced. The UX has improved and feature set is increasing weekly. We have a strong Roadtrippers integration with the new Explore feature. This coming USA spring is a critical time for this product, as we relaunch our marketing efforts.

Roadtrippers has successfully launched the Plus subscription product over the last year and the product is tracking in line with its targets to date. The current total RT user base exceeds 3.9 million. Subscribers are in the tens of thousands - and continue to grow. The retail price of this product is USD $29.99 per annum – a very affordable price.

The Roadtrippers business model is also enabling the leverage of content as an adjunct to the core business. In short, the content creation team are able to be used as a revenue-generating content studio for the tourism industry; another leverage of the core asset.

Telematics and Togo Fleet (fleet platform) are both going fully live this financial year and will be available for sale beyond ***thl***, leveraging the investment made to date.

The Outdoria joint venture in AU and NZ is exceeding its initial targets, with CamperMate performing particularly well. User growth, revenue and cost management are all exceeding targets. This also provides us with confidence in the model in the long term. The CamperMate product is the oldest of the product suite and has a very high market penetration.

Mighway has withdrawn from the USA market for now, as the VC-based players burn significant amounts of cash, in what seems to be a race to gain revenue metrics that will entice some poor investor to buy them. The New Zealand business has refocused accordingly and is currently on track to be close to profit this year. The outlook in this market remains positive and we have a clear leadership position.

SLIDE 26 – Financial Returns from Togo Group

From a ***thl*** perspective, we consider the financial drain of this business and the opportunity constantly. We believe there are a range of possible outcomes; we consider the financial returns in the following manner:

1. We expect the absolute minimum to be a return on the cash investment we have made in the business above 20%. By the end of FY20 we expect our cash contribution to be circa $32M. Based on the CamperMate business revenue metrics and size of the North American addressable market, we remain confident this return can be achieved. In reality, this profit could come from only one of the key opportunities succeeding - we still believe that they can all succeed.
2. We expect all parts of the business to succeed to some degree; this would provide a return well above 20% as we hit a scale point that covers the core overheads.
3. The targeted return remains well above these levels. We firmly believe that, based on the market size, potential revenue per user and EBITDA margin, this would result in an EBIT performance that could easily outpace the ***thl*** core business within a few years.

Importantly, we can see that the business model works and, critically, we can see a customer acquisition cost that is very manageable, with strong recurring revenue streams. This opportunity remains far more significant than the profit ***thl*** makes today from the core rentals business globally.

In our view, the very worst that could occur if we aren't successful (and we will be) is that we will need to consider other options for the technology that we have created. Our approach to Mighway is a good example of our discipline in this space. We have withdrawn from a market where the investment exceeded any realistic return and focused on where we are winning and probabilities of success are higher.

SLIDE 27 – Forecast
The vehicle sales market in the USA is dragging down the total ***thl*** result.

With the decrease in margin, and lower than expected volumes to date, we are expecting the USA to be down up to 50% on last year's result, unless the spring period has a very substantially improved market. There is some exchange rate impact within that expectation. The business is very focused on managing costs and sales in response.

The tourism businesses in New Zealand are operating in a softer broader market, but there is no material change against last year's performance at this time.

Positively, the New Zealand and Australian rentals businesses still have revenue growth and we expect some growth in vehicle sales for both these businesses. Costs in Australia will be higher, primarily due to wage increases, as previously indicated. We are close to the high season and the forward book remains up on last year, single digit.

If these market dynamics continued, then our current expectation is that the FY20 NPAT result would be below the FY19 ordinary NPAT (exclusive of non-recurring items) result of $27.9M. The FY19 ordinary result excluded the impact of a non-recurring $1.9M deferred tax benefit.

The Australian tax issue, which is a contingent liability, remains unresolved; however, we expect an outcome around March 2020.

SLIDE 28 – Balance Sheet and Capital Expenditure
Our net debt of $202M at year-end was relatively stable compared to the prior year. Net debt across the year was generally higher, due to the slow vehicle sales in the USA, but the $30M equity investment from CITIC Capital completed just prior to year-end. We completed our $50M rights offer in early FY20 and, therefore, saw an equal reduction in our net debt position.

Based on the current business performance, we are forecasting net debt at the end of FY20 to be between $135M and $145M - down approximately $60M on June 2019.

Gross capital expenditure in FY20 is expected to be circa $55M lower than in FY19, as we will be making fewer vehicle purchases in the USA, to adjust fleet size and reduce funds employed in that business. New Zealand and Australia have net capital investment in FY20.

This reduction in capital expenditure is the appropriate action to take, without creating a long term issue for the business. We are in a position where we can reduce the total investment in the business, reduce the rental fleet size to improve utilisation, and yet still have a small investment in new fleet to ensure we have the right customer proposition for the long term.

We remain focused on ROFE and are in a position to acquire or invest, as appropriate.

SLIDE 29 - Dividends
Our dividend policy remains as it has been, where we intend to pay out between 75-90% of NPAT in dividends in any given year. This year we expect to have a pay-out ratio at the high end of this range - close to 90%.

We restate our position that we are excluding the Togo Group investment when considering the dividend calculation. This is a genuine investment and one in which we expect to see a return in time.

We have a greater proportion of earnings generated in New Zealand at present and, thus, we are able to impute the dividends for FY20 at 75%, rather than the 50% applied to both dividends in the last year. This provides those eligible shareholders with a relative benefit.

We will make a final determination on the cents per share for the dividend for the first half with the result release in February.

SLIDE 30 – Growth Initiatives
Despite the recent USA headwinds, we continue to see ***thl*** as a growth-oriented company. If we didn't, we would be eliminating the future potential of the company. We constantly have a number of initiatives underway, which are aimed at growing our business.

- We recently opened another RV Super Centre in Auckland on the Fairfax site in Takanini. More than just retail, this site offers us the facilities and people capability to vastly increase our service and repair work, eliminate outsourced repairs and create significant productivity improvements at the core Mangere site.
- At last year's Annual Meeting we announced the launch of our Connected Customer Brand. Our

customer database currently has 144,000 members. Over the next 12 months, our Connected Customer Brand database will continue to grow as we improve our member benefits. For those of you who are ***thl*** customers as well as shareholders, I would encourage you to join our connected database by visiting experiencethl.com.

- We recently launched a new small group tour operation within Kiwi Experience and can already see that taking market share from competitors.
- We are in the final days of our roll out of our D365 enterprise finance system globally.
- Togo fleet is continuing its roll out in Australia and New Zealand.
- We continue to roll out our pricing algorithm.
- We have launched new motorhome product and are in the middle of trials on another variation on an eV that might be suitable for ***thl***, with a longer range.

SLIDE 31 – Competition

It is somewhat unusual to talk about the competition; however, in this environment we think it is important to emphasise to you where we have strength and that from what we see and hear we are in a very strong position relative to most others.

As you should in any competitive market, we keep a close eye on the competition - whilst ensuring we play our own game.

What we see today is a competitive set that is likely stretched by weak balance sheets in a slow vehicle sales market. They are, however, a generally rational competitor set from a rentals perspective.

Again, from a debt perspective, we have a strong balance sheet; we are currently tracking around a 1.5x net debt to EBITDA ratio - we have seen others much higher; indeed, over 5.0x in at least one circumstance. We are here for the long term and have the capacity to acquire, where appropriate, and withstand poorer market trading conditions.

We are consistently told by our trade partners that we can demand a price beyond what the competition does, due to our product quality, customer service, innovation and, importantly, as a consistent partner who operates with integrity. We value that position in the market and I would like to thank all the team in ***thl*** - in particular, our front line and sales teams, who work with our customers every day and deliver that culture.

SLIDE 32 – Closing

I would like to thank you all for your attendance and ongoing support of the business.

We know some aspects of the business look hard at the moment. That tough USA business is, however, delivering a very strong cash return to ***thl*** this year.

I am resolute in my view that ***thl*** is a good company, with strong discipline.

We are achieving record results in most of the business. Look at New Zealand Rentals, our largest business - ROFE at nearly 20% and EBIT over $30M. Compare that to 2015, where New Zealand Rentals delivered $12.2M EBIT and 10.6% ROFE, or 2010 where EBIT was only $1.9M.

We most likely have the strongest balance sheet in the RV rental industry globally.

We are delivering strong dividends.

We are are making money in the USA, despite the conditions.

We are not what we were ten years ago. Any comparison of the ***thl*** then and now will be emotive and meaningless.

I am convinced that we have the right business and skills to reach our $50M NPAT target, and more. I very happily stake my job on it.

Thank you as well to all the team at ***thl*** - as I've indicated, we are a fast moving, global business with lots of moving parts. That takes dedication to deliver - and the ***thl*** team does just that.

Thank you.

I will now pass back to the Chairman to proceed with any questions from the floor, and to address the proposed resolutions.

SLIDE 33 – Questions

Rob Campbell

Thanks Grant.

I would like to open up to the floor, and online, for questions. If you are attending the meeting online, you are able to ask questions by clicking on 'ask a question'. Further information on this is set out in the virtual Annual Meeting online portal guide that has been sent to shareholders. To ensure the questions on the Resolutions being asked online make it to me as we go through each Resolution, I would ask that shareholders who are attending the meeting online submit those questions now. For those who are in the room, we have microphones available and I would ask you to hold up your admittance card if you would like to raise a question. When you speak, please tell us your name and whether you are a shareholder or proxy holder, for the Minutes. Following any questions from the floor, we will answer any questions submitted online, that have not already been answered.

Are there any questions?

SLIDE 34 – Business and Resolutions
There being no more questions, I will now move on to the formal items of business on the agenda.

As indicated, we are operating a poll vote for all Resolutions today. Eligible shareholder or proxies have been given a voting card. For each Resolution, you need to tick the box indicating whether you are voting for or against the Resolution, or abstaining. Link representatives will collect the voting cards at the end of the Resolutions, prior to general business, and the votes will be counted and collated with the postal and online votes.

For those attending the meeting online, you will be able to cast your vote by clicking 'get voting card' - further instructions can be found in the online portal guide.

PricewaterhouseCoopers are acting as scrutineers and, once the result of the Resolutions have been confirmed, these will be announced to the NZX. Moving on to the Resolutions:

SLIDE 35 – Resolution 1
Resolution 1 – Election of Rob Hamilton
That Robert David Hamilton (appointed as a Director by the Board on 1 February 2019) be elected as a Director of the Company.

I will now ask Rob to speak.

[*Rob to speak briefly*]

Thank you Rob. Are there any questions for Rob? If not, can you please cast your vote on the voting card, or online, in relation to Resolution 1?

Moving onto the next Resolution.

SLIDE 36 – Resolution 2
Resolution 2 – Election of Dr Guorong Qian
That Dr Guorong Qian (appointed as a Director by the Board on 24 July 2019) be elected as a Director of the Company.

I will now read the address that Guorong has prepared.

[*Rob to speak briefly*]

Are there any questions? If not, can you please cast your vote on the voting card, or online, in relation to Resolution 2?

SLIDE 37 – Resolution 3
Resolution 3 – Adoption of a new Constitution
That the existing Constitution of the Company be revoked and a new Constitution in the form tabled at the meeting, and referred to in the explanatory notes, be adopted with effect from the close of this meeting.

Explanatory note 2 in the Notice of Meeting also contained a summary of changes to the Constitution.

Are there any questions in relation to Resolution 3? If there are no questions, I would ask you to cast your vote on your voting card, or online, for Resolution 3.

SLIDE 38 – Resolution 4
Resolution 4 – Auditors
That the Directors are authorised to fix the remuneration of the auditors for the ensuing year.

Are there any questions in relation to Resolution 4? If there are no questions, I would ask you to cast your vote on your voting card, or online, for Resolution 4.

SLIDE 39 – General Business
That ends the Resolutions for this meeting. We will move on to General Business. Are there any other items shareholders would like to raise?

There being no other matters of business, I would like to thank you all for attending and I now declare the meeting closed and invite those of you attending in person to a light afternoon tea.

SLIDE 40 – Thank You

SLIDE 41 – Disclaimer

ENDS

Authorised by:

Rob Campbell
Chairman, Tourism Holdings Limited

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About ***thl*** (www.thlonline.com)

thl is a global tourism operator. We are listed on the NZX and are the largest provider of RVs for rent and sale in Australia and New Zealand, and the second largest in North America. In the USA we own and operate the Road Bear RV Rentals & Sales brand and El Monte RV Rentals & Sales. ***thl*** is a 50:50 partner, along with Thor Industries Inc. - the largest RV manufacturer in North America (a NYSE listed entity), in the joint venture company Togo Group – Togo Group is a global digital platform for the RV industry; it owns and operates several brands including Roadtrippers, Mighway and Togo RV. In the UK, ***thl*** owns 49% of Just go Motorhomes. Within New Zealand we operate Kiwi Experience and the Discover Waitomo group, which includes Waitomo Glowworm Caves, Ruakuri Cave, Aranui Cave and The Legendary Black Water Rafting Co. ***thl*** is a joint venture partner in Action Manufacturing LP, New Zealand's largest motorhome and specialist vehicle manufacturer.