WE ARE HERE.
For over 30 years thl has been working to create unforgettable holidays for more customers than ever, and to deliver greater, sustainable value to shareholders.

Today, we’ve arrived at a significant milestone in our journey. We are a truly multinational business and a real player in the global RV industry. We have the technology, knowledge and business model for continued growth. It feels good!

But, like our adventure-seeking customers, we don’t stand still. We already have our next destination firmly in sight.

In fact, our bags are already packed...
WHERE WE’VE BEEN.

2013:
Rationalisation and consolidation of NZ fleet delivering savings

2014:
NPAT up 102%

2015:
Hello UK! 49% stake in Just Go purchased

2016:
Mighway launched in NZ and USA

2016:
Partnership formed with Roadtrippers

2017:
Achieved $30m NPAT, ahead of plan

2018:
50:50 partner with Thor Industries Inc. in TH2 – a global digital platform for the RV industry
### Where We Are

**As at 30 June 2018.**

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$341M</td>
<td>$426M</td>
<td>+25%</td>
</tr>
<tr>
<td>Total net profit after tax (NPAT)</td>
<td>$30.2M</td>
<td>$62.4M</td>
<td>+107%</td>
</tr>
<tr>
<td>Ordinary NPAT</td>
<td>$30.2M</td>
<td>$37.5M</td>
<td>+24%</td>
</tr>
<tr>
<td>Final dividend(^1)</td>
<td>11(c)PS</td>
<td>14(c)PS</td>
<td>+27%</td>
</tr>
<tr>
<td>Total fleet(^2)</td>
<td>5,418</td>
<td>5,731</td>
<td>+6%</td>
</tr>
<tr>
<td>Earnings before interest and tax (EBIT)(^3)</td>
<td>$47.7M</td>
<td>$63.5M</td>
<td>+33%</td>
</tr>
</tbody>
</table>

**Note:**
- \(^1\) Fully imputed
- \(^2\) Year-end fleet quantity
- \(^3\) FY18 EBIT exclusive of non-recurring items

#### Key Achievements

- **Increased Vehicle Sales by Over 30% on the PCP Including Buy Backs**
- **750 Sales Reached for Road Bear – Another New Record**
- **Absolute Carbon Footprint Down 3.4% Across New Zealand and Australian Operations**
- **Increasing Production Capacity at Action Manufacturing to Enable Australian Export Growth**
- **Completed Another Key Future-Focused Transaction with the TH2 Joint Venture with Thor Industries**
- **33% Improvement in EBIT Before One-Off Gains**
- **Australia Increased Vehicle Sales by Over 30% on the PCP Including Buy Backs**
- **750 Sales Reached for Road Bear – Another New Record**
- **564 El Monte Vehicles Sold – Likely a New Record**

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**Financial Summary**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue ($M)</th>
<th>Total Net Profit After Tax ($M)</th>
<th>Ordinary NPAT ($M)</th>
<th>Final Dividend ($c)</th>
<th>Total Fleet (units)</th>
<th>Earnings before Interest and Tax (EBIT) ($M)</th>
</tr>
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<td>14</td>
<td>5,731</td>
<td>$63.5</td>
</tr>
</tbody>
</table>

\(^1\) Fully imputed
\(^2\) Year-end fleet quantity
\(^3\) FY18 EBIT exclusive of non-recurring items
WHERE TO NEXT?

OUR AMBITIONS.

Strategy
We are a global player in the RV market and broader ecosystem. We will maximise our returns sustainably on the capital we invest in RVs. We will maximise the opportunity to access the broader RV ecosystem.

Goals
Search out M&A activity that aligns with the business core capability.
Deliver a ROFE1 for the core business above 15%.
Develop TH2 into a globally successful set of businesses. Be the digital platform for the RV industry.

Initiatives
Current M&A activity being explored in various parts of the world. Updates will be provided as appropriate.
Reduce excess fleet carry over from FY18.
Reduce operating costs through technology efficiencies.
Deliver Project Real Velocity for El Monte.
Launch ‘ABE’ in September 2018 in the USA.
Launch ‘Cosmos’ operating system into thl.

Note:
1 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 utilized. 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.
ALL SET FOR SIGNIFICANT EXPANSION

Dear Shareholders

On behalf of the Board, I present the accounts for the 2018 financial year. In this report I provide a summary of the Board’s view on the business and direction for the coming years. I also provide a short overview of the business performance for the year that has passed — although the detail is covered in the CEO and divisional reports.

Our Position and Direction

By most standards thl has delivered strong results in recent years. We see much greater opportunities for the business — opportunities that require a new business model, which is currently being constructed. In the coming year, we plan some further major initiatives that will provide the base for thl growth in the subsequent years.

This year we delivered another record result — a pre-one-off Net Profit after Tax (NPAT) increase of 24%. The one-off gain of $24.3M, from the contribution of assets to TH2, is recognition of value that was present in the business, but not recognised fully by the market; however, we should also note it is a non-cash gain. Our investment in TH2 to date has been primarily intellectual property developed in recent years. Going forward, we are investing further with our JV partner in that development and commercialisation.

The potential that has been created within the business through the global expansion and development of the TH2 joint venture with Thor Industries will accelerate value growth for thl. In the short term, this requires significant investment.

Businesses are challenged today to deliver returns within a fourth industrial revolution, which is data and experience driven. The challenge is to create a sustainable business with an adaptive business model. Thl has substantive global opportunity in this context and this is the next chapter in our story.

It is time to invest in global growth and to reassess our balance sheet and capital management structures to enable that growth. There are a few key points for shareholders to note about these changes.

1. We will invest further into TH2. The opportunity is substantial and, given the very low level of cash investment to date from thl, the approach now is to invest to create a deeper, richer product, build it faster and take a more expansive approach to how we engage customers (we will commence with a freemium consumer product offer, rather than seeking subscription fees upfront). This year we will invest around $15M NZD in this business (thl share).

2. We need to reconsider new medium-term goals for the business. The underlying assumptions for the 2020 NPAT goal of $50M haven’t materially changed in the core businesses; however, with the investments in TH2 and other potential changes (M&A activity) planned over the coming year, we will reset a new goal. It is too soon to set that goal, but we will set it openly and deliver. The new goal will be substantially higher.

3. We are continuing to explore M&A activity that adds value to the longer term position of thl. We are currently in discussions with various parties around the world, with interesting opportunities for both core thl and the businesses in which we have equity interests. We will keep the market informed, as appropriate.

4. The Dividend Reinvestment Plan (DRP) will continue. It is intended that the DRP for the final dividend will be fully underwritten.

In summary, thl is now a global player in the broader RV industry. While New Zealand-based, our operations and aspirations are global and growth oriented. We have skills and experience that mean we can create systems to succeed in all markets. This involves some resetting and consolidation of earnings growth in the short term.
Dividend Policy.

We will have a NPAT result in the coming 12 months that will be below the performance of the FY18 year, due to the investment in TH2. Core business operating Earnings Before Interest and Tax (EBIT) will increase.

The Board assess the direction of the business constantly. We are confident that we are moving in the right direction as a business. In the year ahead, we are building the platform for future earnings growth on a much larger scale than was achievable under the former business model.

Views on the Operating Business

Over the past few years, we have continued to increase the amount of information we provide to the market; we set guidance, provide goals and note where we are working to plan and where we are not. We continue to do that today. This business is a positive and very fast moving one. We have taken THL global and as a significant player in the larger RV industry around the world. Yet we are very aware we have more to do. In the CEO report, Grant will provide more detail on the work we have commenced to become more connected globally, creating a system that enables competitive advantage and leverages the IP we have created.

We rely on our teams across the globe and we will continue to find ways in which we can be more sustainable, improve their wellbeing and create greater productivity and better working environments. It’s hard work, and our team deserve the appropriate recognition. These investments are just as important as those we make in physical capital.

Sustainability

We are one year on from the first sustainability report. When reflecting on the progress of the business over the last year, the cultural change is likely the most significant. Creating genuine belief in doing the right thing from a sustainability perspective is critical. The appointment of a General Manager Responsible Management is far more than a title. It is acknowledgement of the direction we have taken, with various awards for thl’s sustainability efforts noted both within and outside the business. We will have a lower profit, due to the further investment in TH2. We continue to review our disclosures and Charters as normal practice.

Forecasts

We will have a NPAT result in the coming 12 months that will be below the performance of the FY18 year, due to the investment in TH2. Core business operating Earnings Before Interest and Tax (EBIT) will increase.

The Board assess the direction of the business constantly. We are confident that we are moving in the right direction as a business. In the year ahead, we are building the platform for future earnings growth on a much larger scale than was achievable under the former business model.

The FY18 Result

The Net Profit After Tax (NPAT) was $62.4M, which included a one-off gain associated with the creation of TH2 and the assets we contributed into that business. The one-off gain was $23.1M (after transaction costs of $1.2M). There was also a one-off tax gain of $1.8M. The underlying ordinary trading profit was $37.5M, up from $30.2M – an increase of 24% on the prior year.

This operating result was below our objective and not all parts of the business succeeded. The CEO and divisional reports will note the successes and opportunities. We will report again on our progress at the Annual Meeting.

We finished the year with net debt of $199M; up on the prior year by $23M, due to higher vehicle numbers and a movement in exchange rate with the USD. We are comfortable with the current debt situation; however, will look to improve the fleet leverage on a rolling basis.

We continue to focus on being around 2.0 x debt to EBITDA over the coming year, up from 2.1x – or an increase of 29%. We remain focused on providing strong dividend flows for investors, whilst being aware of the need to maintain an appropriate balance sheet structure for growth. We have made no changes to our dividend policy.

This business is a positive and very fast moving one. We have taken thl global and as a significant player in the larger RV industry around the world. Yet we are very aware we have more to do.

Governance

From a governance perspective, we welcomed Cathy Quinn on to the Board at the Annual Meeting. The Board is in the process of conducting an external review of our operating practices and capabilities to ensure we operate the most effectively for you, the shareholders.

The recent Prudential review of CBA in Australia was a timely reminder for all Boards to review their performance and challenge whether complacency has set in anywhere. The thl Board conducted a review against the findings from the report. We challenged ourselves and the business in a very open manner. We have found some areas that we want to improve on; however, were broadly happy that, given the size of the organisation, we have good transparency.

We encourage all shareholders to check the new microsite to review our disclosures and Charters as normal practice.

Outlook

We are not in a position to provide a forecast for the company today, owing to the extensive changes under way in the business. We will have a lower profit, due to the further investment in TH2. In the coming 12 months, thl’s share of the losses will be around $15M before tax in FY19.

Finally, I would like to, again, thank all the stakeholders in and around thl. There has been some very positive external acknowledgement of the direction we have taken, with various awards for thl over the last two years. For the teams in the business, it is a useful reminder that the speed of change and effort is noted both within and outside thl. Thank you all.

Chairman

Rob Campbell
When reflecting on the last 12 months, we can say that we underachieved against some of our greater ambitions – however, I deeply believe that we should be celebrating the larger steps we have taken to make thl a global entity of significance.

We had another record result and, inclusive of the recognised IP in TH2, delivered a 107% increase in NPAT. The increase in EBIT pre the one-off items was 33%, with a net debt increase of 13%.

TH2
The creation of TH2 is, by far, the highlight of the year when considering the potential for this business into the future. We have a dedicated story on TH2 within this report.

The TH2 business has all the early stage ingredients to be a very successful business in a much larger market than thl has operated in historically.

With Thor as the JV partner, we have, over the past few months, created a much higher awareness of thl and the products we have within the business.

The product set we are developing within TH2 has been well received in market tests and research. External assessments of the product and business assumptions have been conducted in the last six months and also reinforce that we have the right mix of products and customer propositions to be effective.

TH2 will require different thinking, different reporting KPIs and a different mind-set from a capital deployment perspective. We will be as transparent as we can, whilst remaining mindful of the competitive nature of this type of business and the market requirements of ourselves and our partner.

The FY18 Result
The information we provide is set across this annual report commentary, the detailed financial statements and the investor PowerPoint presentation. I encourage shareholders to read all the relevant information, to get a total picture of our performance and actions for the coming year.

Services revenue for the year increased by 21% and vehicle sales revenue by 33%, which created a total combined revenue growth of 25%. Last year we grew by 22%, so the compounding growth rate is very strong.

Within the result, there are some areas of very strong success, some which are just ok and some where we want to see improvement. This is the nature of a multi-faceted, global company; not everything will be perfect all the time.

Overall, the highlight for the year would be the Australian business – with an EBIT result of $10.6M, an increase of 35% over the prior year. ROFE for the business grew from 11.8% to 13.3% – a superb result for that business.

The New Zealand business had a great first half and poor second half year result, which is compared to the Lions Tour in 2017. We still had an increase of over 6% EBIT for the year, over $25M EBIT and a ROFE similar to last year, at 18%. The last quarter dragged the result down, as we had lower than anticipated vehicle sales.

This year in New Zealand, we negotiated the purchase of large motorhomes from a competitor (Jucy). This was a very positive opportunity for thl and has seen thl further expand its large motorhome offering. Jucy no longer offers large motorhomes for rent in New Zealand or Australia. We have been able to sell most of those vehicles, contributing a margin in line with our overall expectations.
One downside has been that we have held an additional ~60 vehicles of a similar nature at year-end, which was not the original plan. We have also held ~40 pod vehicles at year-end, due to late timing of the fleet coming off rental and subsequent manufacturing capacity constraints. These assets held will be sold, but do impact the year-end metrics for the business. It is important to understand our model is still working.

The USA businesses combined (Road Bear and El Monte) delivered an EBIT of $194M, an increase of 52% over the prior year – but with the first full year of El Monte. The ROE for the businesses were 25% and 9%, respectively. Road Bear was down on last year, as expected, due to increased costs and lower fleet growth.

The Tourism businesses grew EBIT by 11%, although, within that, Kiwi Experience EBIT declined year-on-year. ROE in that segment was 49%, up from 40% the prior year.

The equity interests each have a story to tell for the year, which is included later within this report.

The net debt position for the company was $199M at year-end, up $23M on the prior year. Importantly, there is a corresponding increase in assets over the prior year. The debt to EBITDA ratio was 1.9 and, as indicated previously, we are comfortable around the 2.0 mark.

As a company we continue to remind ourselves of the need to focus on ROE and growth at the same time as we deliver an improved customer experience and a sustainable business from all perspectives. This is not an easy balance, but we are honest with ourselves about where we are and what is next. We are set for more growth.

The executive would summarise this year’s financial result as one with some highs, some areas for improvement and disappointment – but, importantly, one where we still set new records and, most significantly, set a stage for a substantially improved 2.0 mark.

The Global Nature of thl

We operate a large number of brands around the world, on a global stage. We have different businesses, with slightly different business models (based on their market) and different stages of capability development. At a group level, we review the needs of each business, in context of their performance and market environment.

During the year that has passed, we have progressed our global initiatives – although we’re not yet complete. Dynamics 365 has been implemented in New Zealand and Australia and is planned to be implemented in the USA in the coming financial year. The ‘Cosmos’ system, which has been in development over the last 2.5 years, is ready for launch with a Quarter 2 FY19 expected start for New Zealand and Australia.

These ‘global’ initiatives add to the value of the broader thl network or system. They have challenged us to review how we market ourselves as a group and how we can gain further leverage of the larger, more global nature of thl, without losing any of the market context and different business models that we need today. We see some excellent opportunities across the group and will discuss more of the marketing initiatives at the Annual Meeting in October.

Sustainability – www.thlsustainability.com

Momentum continues to build within the business from a sustainability perspective. We have a microsite, which we encourage shareholders to review to find more detail on what we have been doing and how we are progressing towards our goals.

There is no doubt this is an area where we are still in learning mode. Some of the goals we set last year seem a real stretch, as we have progressed towards them in the last 12 months, however, there has only increased our focus and attention. We are not yet moving our goals.

The most substantive project has been the work on electric vehicles. We have had to continue to challenge ourselves and assess whether the investment and time will provide an appropriate return or whether we should sit back and watch the market develop itself. The conclusion today is that we push forward at pace. The reasons are twofold. Firstly, we do see long-term competitive advantage that we are developing. We are learning how to build a motorhome on an EV chassis that maximises the returns for the business and customers.

Secondly, we see a raft of other spinoffs for the broader business and combustion engine motorhomes.

During the year, we will conduct our first life cycle assessment of a motorhome, using appropriate international standards. From what we can see, this has not been conducted globally – or at least not in a public manner. We will be open with our findings and share the lessons with the broader industry, creating a starting benchmark. We are confident this approach will create greater value for all thl stakeholders in the medium-term.

Responsible Tourism

Over the past year we have continued our involvement in the broader industry, and we take our community responsibilities very seriously.

In December 2017 we launched Kiwi Pledge, an opportunity for us to educate and challenge customers, both domestic and international, on how they should behave and conduct themselves whilst in New Zealand. This has evolved as an industry and we expect there will some exciting developments shared publicly in the next few months.

We have also been closely engaged with the government’s working group on freedom, or responsible, camping.

We will continue to engage at an industry level across the markets we operate.

Tourism and Market Outlook

The following comments provide an overview of our outlook for rentals and sales in each of our key operating markets.

New Zealand

Rental

Demand looks strong for New Zealand rentals into the coming year. Historically, we have not achieved the yield growth seen in the hotel sector; however, we haven’t attempted to. The lack of capacity in hotels, and the growing delta in hotel to motorhome pricing, seems to be having a positive impact and growing the total RV segment.

Sales

Vehicle sales demand remains strong as a whole across the country. Imported product has grown again in the last 12 months. Demand for imports also remains high and we are gaining better dealer support for the ex-rental product we are creating. We are confident that, with the right range and pricing, we can grow vehicle sales in New Zealand in the coming year.

Australia

Rental

Rental demand is positive in Australia. We haven’t seen the latest government forecasts yet, however there is no indication that the 2017 growth goals won’t be achieved. We continue to see strong growth in Australia, where we have high utilisation for most of the year.

Sales

We continue to broadly achieve our desired goals in Australia. The broader RV market seems to have slowed in general in the last half, but shows some signs of growth again in recent weeks. We continue to drive both core and Flex-Fleet sales successfully against plan.

USA

Rentals

The international market to the USA for RV rentals currently shows little or no growth. The USA is likely losing market share on a world tourism basis. We are positive about our position within the market internationally and we are focused on growing new markets. Domestic business is stable, but at lower yields. Any excess capacity from the international market, which has an early lead time, tends to have an impact on domestic yield. This current high season, late booking business remains uncertain. The fires in Northern California are creating some cancellations for the “Burning Man” event in late August.

Sales

Industry statistics indicate new shipments of RVs has slowed and recently (July) declined on a year-on-year basis. We have not yet seen any impact on our business in the USA. The used market is considered a little more resilient than new, given the price differences. Yield or margin growth in sales is not expected, but we expect volumes to remain to our plan.

UK

Rentals

We are currently seeing strong growth in hire days for the summer season. We need to continue to manage pricing more effectively. The longer term outlook remains positive.

Sales

Just go has suffered from thl taking Juice units, which disrupted timing of the Just go fleet movements. The larger consumer confidence in the UK may stifle expected growth in vehicle sales, although we are up-weighting our resource in this area and expect some growth.

Summary

It has been another substantive year for the thl team, shareholders and other stakeholders. Underlying the record profit, and strong growth in the creation of THQ, is a business which has substantial operational activity every day. We are 24/7, with something happening somewhere in the business globally every minute of every day. That takes a lot of energy for all involved.

Last year I noted that it was a successful year in FY17, but we could see further opportunities to improve. With the number of operations we have, we will perhaps always see opportunities, as this year is no exception. We did well overall, but could have done better, and suffered some growing pains in parts of the business.

This year ahead we will invest in growth through THQ, continue to be active from a M&A perspective but, importantly, focus on the core business performance.

Delivering to our customer’s needs every day is not easy, yet we are here to ensure our customers have an incredible experience – be it for hours, days or buying a motorhome for the rest of their life.

Thank you to all those who have supported the team and business over the last 12 months.

Grant Webster
CEO

14 thl Shareholder Annual Review 2018

15
ON THE ROAD TO TRUE SUSTAINABILITY.

Last year we launched our inaugural Sustainability Report, and we’re pleased to bring you the FY18 edition contemporaneously with this shareholder review. Once again, it’s been compiled in line with the Global Reporting Initiative (GRI) standards.

For thl, this is the year we have started walking our talk in terms of integrating sustainability into the thl culture: the progress we’ve made in the last 12 months indicates we’re certainly travelling in the right direction. Over time sustainable practice and process will be a core component of our plans, strategies and initiatives – in many cases, it already is.

Taking responsibility

Publishing our FY18 Sustainability Report online is, in itself, indicative of the momentum we have generated this year towards a global culture of sustainability within the thl group. But, in addition to that internal awareness, is a very real sense of the responsibility we feel as a global tourism operator; not only to actively reduce our own global carbon footprint and community impact as a business, but to take responsibility for our travellers too.

Our size makes it incumbent on us to lead the industry and be at the forefront of the sustainability discussion – and we are doing just that.

THERE IS A VERY REAL SENSE OF THE RESPONSIBILITY WE FEEL AS A GLOBAL TOURISM OPERATOR, NOT ONLY TO ACTIVELY REDUCE OUR OWN GLOBAL CARBON FOOTPRINT AND COMMUNITY IMPACT AS A BUSINESS, BUT TO TAKE RESPONSIBILITY FOR OUR TRAVELLERS TOO.

We’re one of the largest RV rental businesses in the world, with 208,000 customers each year travelling through and into the communities we service. That has an impact; through GHG emissions generally, and also directly, on the infrastructure in the communities that they visit.

A part of the solution

We want that impact to be as positive as possible and, where it isn’t, we’re actively taking steps to be part of the solution, not part of the problem.

For the first time this year, we’re able to accurately measure our carbon footprint across the entire business, USA included. Understanding that key metric means we can start to implement solutions to reduce and even reverse that footprint, globally.

We’ve established a carbon management plan to reduce our absolute carbon emissions worldwide by 20% by 2025. It’s a big goal, particularly as the business is growing, but we will not use that growth as an excuse to not do the right thing. We’re also actively engaged in global research to help us respond to the way the climate is changing.

Community matters

Freedom, or responsible, camping and its impact on communities is another area where we’re stepping up to the plate. One of our major initiatives this year is undertaking a detailed community impact assessment, which we are doing first in New Zealand. This will help us fine-tune a framework we can use across the world to understand the impact of responsible travel and devise solutions with specific communities, to minimise the negatives and accelerate the positives.

This programme is already in place and the community feedback is very encouraging. We’ve also introduced our Kiwi Pledge initiative, which is getting some traction. Traveling responsibly also includes keeping our drivers and others safe on the roads. The installation of telematics in our Australian RV fleet, and its resulting success, is a blueprint for our self-drive operations globally.

There’s much more we’re doing – and you’ll find the detail in the Sustainability Report 2018 online. We’re proud of our efforts this year, and the early sustainability success we are seeing is energising the business to reach our robust sustainability goals.

Keep challenging us on them, they are important for us all.

For more information see www.thlsustainability.com

Here are some of our sustainability highlights from this year. We’re making progress and enjoying the process.

THE GOOD

CARBON FOOTPRINT DOWN
OUR ABSOLUTE CARBON FOOTPRINT THROUGHOUT AUSTRALIA IS DOWN 3%

WINNER
AUSTRALIA EMPLOYER OF CHOICE AWARDS

REDUCED FUEL CONSUMPTION
ACROSS ALL AUSTRALIAN BUSINESSES

INCLUSION OF USA OPERATIONS AND JOINT VENTURES IN ALL SUSTAINABILITY REPORTING

NZ SUSTAINABLE BUSINESS COUNCIL MEMBERS

11% REDUCTION IN WASTE-TO-LANDFILL ACROSS ALL AUSTRALIAN AND NZ BUSINESSES

IMPLEMENTATION OF A ROLLING COMMUNITY VOLUNTEER PROGRAMME FOR HEAD OFFICE STAFF

TOP 5 RANKING
IN DELIGHT AUSTRALIA CUSTOMER SERVICES SURVEY

MULTIPLE ZERO WASTE TO LANDFILL DAYS AT AUSTRALIAN MANUFACTURING FACILITIES FOLLOWING A MASSIVE RECYCLING INITIATIVE

OUR CARBON FOOTPRINT (ENERGY PER EMPLOYEE) IS DOWN 31%

FULL POWER AND WATER AUDITS ACROSS ALL AUSTRALIAN AND NZ BUSINESSES

PLASTIC REDUCTION AND COMPOSTING PROGRAMMES UNDERWAY AT MOUNTAIN AND AUCKLAND, NEW ZEALAND

FINALISTS
IN THE DELIGHT TOP 200 COMPANY OF THE YEAR AWARDS

QUALMARK GOLD CERTIFICATION FOR AUSTRALIAN AND NZ SELF-DRIVE EXPERIENCES BUSINESSES

THE NOT SO GOOD

SLOWER PROGRESS ON TELEMATICS SAFETY ALERTS INSTALLATIONS IN OUR GLOBAL RENTAL FLEET THAN EXPECTED (BUT IT’S STILL HAPPENING!)

SLIGHTLY LOWER RESULTS THAN EXPECTED AGAINST THE WELLNESS TARGET IN OUR CREW ENGAGEMENT SURVEY

CUSTOMER JOURNEY EMISSIONS HAVE INCREASED WITH GREATER MILEAGE COVERED BY A SIMILAR FLEET
TH2 - how can we be so confident?
We have to think about the scale of the USA RV industry... Thor is a fantastic partner who knows that market well. Before heading into the JV, we both conducted research into customer needs and wants in this space. Based on that research, and the success we have had with Roadtrippers user numbers, CamperMate user numbers in New Zealand, and the success of our telematics work in Australia, we just needed the linking platform, which is Cosmos. Bringing these together in one group, with the channel knowledge of Thor, is exciting.

TH2 - when does investment stop?
During the creation of the JV, we believed the business would be a loss-making venture for at least the first two years. In the last four months, as the business has come together, the teams have worked on the detail of the rollout plans, the next stages of product development, and a deeper review of the customer propositions. All this led to an agreement with Thor that early-stage investment will be the best course to success for this business. Around the world, these kinds of businesses need to lose money at the outset, as they look to acquire customers. We will be doing that at a greater rate than originally conceived.

It is important for shareholders to note that we did make a one-off gain of $24.3M on the TH2 transaction. We didn’t receive cash; we contributed assets and IP into the business for a 50% shareholding. We invested a minimal amount of cash for a business that has such potential. The business warrants the additional funds that we are investing in FY19.

Technically there is no compulsion for THL or Thor to invest any more in TH2 beyond the capital already contributed and the forecasted capital over the coming 12 months. Thus, both shareholders will be in a position to make their own determination based on the agreed direction at that time.

Debt - Are you comfortable with the current approach to debt and debt levels?
We have said for some time now that we are comfortable in this business with debt to EBITDA around 2.0x. We are around that and, yes, still comfortable. There are some other points to consider from a debt perspective today. Firstly, we have a variety of business models today and they really need separate thinking from a debt and leverage perspective, which then rolls up into an overall country approach. Simplicity, the high asset base rental business can be leveraged to a certain degree, and we should be comfortable somewhere around 35% equity for that business. The digital start-ups, like TH2, should be treated differently and have a much higher level of equity. Different organs in the vehicle sales business, which normally would have an even lower level of equity than THL does today.

We continue to complete sensitivity tests on the business, scenarios plan and are prepared to adjust as necessary.
A NEW LANDSCAPE.

The creation of the TH2 joint venture is a game changing initiative for thl, allowing the business to recognise the value of its IP and expand its reach.

Driving this, and future opportunities in this new world, is an enhanced business model supported by top down customer specific segment generation and bottom up enhanced systems.

Here we introduce you to TH2 and explore the functional aspects of the business model and the contribution they make to the overall business.
WHAT IS TH2CONNECT LLC?

TH2Connect LLC is the joint venture business formed in March 2018 by shareholders thl and Thor Industries. Operating as a 50:50 JV, the business is technically headquartered in the USA, but also has teams operating in New Zealand and Australia. Close to half the team are based in New Zealand at any one point in time.

The business is focused on leveraging the digital assets, which were combined at the outset, and creating a digital platform for RV users globally.

The different components of TH2 provide a variety of products and services to owners and businesses across the industry. thl sees this business as a critical component of our future; an opportunity to engage broadly in the RV ecosystem.

TH2Connect also has capability in the telematics space within the RV industry and is building a broad skill set of other customer-centric tools; utilising the power of the component businesses and the support of the joint venture shareholders.

Future focus
TH2 will invest circa $20M USD in the business in the coming financial year through an aggressive customer acquisition and product development strategy. Customer acquisition costs for ABE, the central product, are expected to be 2:1 in the coming 12 months. Expectations for FY20 and beyond deliverables are now higher than the original business case expectations.

Where could TH2 go?
The team within TH2 have a powerful vision, the core technology and the resources to establish a foothold as a digital platform for the RV industry globally.

The target number of customers is not in the hundreds or thousands over the long term, but millions. Roadtrippers is already there!

The component businesses
ABE (working title)
‘ABE’ (the project title only) is an app, which will have a phase one launch in September 2018. ABE is focused on meeting RV owner’s needs by providing an all-encompassing app that allows the owner to manage the asset (servicing, repairs, monitoring), change behaviour (warning notifications for hazards, telematics and insurance options), and engage with experiences (RV focused trip planning, booking and holiday management).

Mighway
The leading New Zealand peer-to-peer RV rental operation also operates in the USA, with ambitions for further expansion.

Roadtrippers
A leading web and app based travel planning tool. Roadtrippers provides deep insights to provide just the right experience for your preferences, both pre and during your trip. Roadtrippers is focused on all self-drive customers, with global ambitions.

CamperMate
The leading New Zealand camping app, CamperMate also operates in Australia and is a motorhome and camping based app for in-trip use, providing points of interest across multiple categories.

Tomo (working title)
Tomo is the machine-learning database tools that sit underneath the Roadtrippers and CamperMate experiences.

Cosmos (working title)
Cosmos is the underlying platform for TH2. Developed over the last three years within thl, Cosmos is focused on providing asset management, fleet management, booking capability, operations workflow capability and customer management all within one system, focused on the RV industry needs. Cosmos launches shortly in New Zealand and Australia.

ROADTRIPPERS USERS
>3M

MIGHWAY FLEET
>1,500+

DEVELOPERS ON BOARD (AND GROWING)
>60

KEY PERFORMANCE INDICATORS
The TH2 business is at a different stage of development and needs a different set of KPIs. The kind of elements we will look to report on in the future include:
> Customer acquisition numbers
> Roadtrippers user numbers
> Cost of customer acquisition vs target
> Fixed costs versus target

Other
TH2Connect also has capability in the telematics space within the RV industry and is building a broad skill set of other customer-centric tools; utilising the power of the component businesses and the support of the joint venture shareholders.

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ROADTRIPERS GOALS AND TARGETS
> ‘ABE’ launch in September 2018
> Phase two launch in March 2019
> Roadtrippers Plus launch performance
> Total development costs in line with expectation
> Roadtrippers revenue against targets
THE SUM OF OUR PARTS.

We are redefining people’s expectations by connecting up our innovation and expertise from the interdependent parts across the business and creating new consumer expectations in seeing / experiencing the world by RV.

1. Engaging New Travellers

SEGMENT SPECIFIC DEMAND GENERATION

ENGAGING NEW TRAVELLERS

1 2 3

CORE SYSTEM

ACCESS BUILD/BUY RENT SELL P2P

ENHANCE TECHNOLOGIES WITH TH2

ENHANCING THE th/ STANDARD

ACCESS
We continue to develop and create multiple ways for customers to connect into us.

BUILD/BUY
To grow our capability in NZ and AU by leveraging the skill and competence within Action Manufacturing.

RENT
As the core of the business from a volume and people perspective, we have a global growth focus.

SELL
Knowing what we build and buy will resonate with customers is our niche, which we need to leverage across the market globally.

P2P
Aggressively expand the Mighway platform within TH2 capabilities.

PROPRIETARY EXPERIENCES
Leverage existing experiences to connect all parts of the ecosystem.

2. We’re generating more ‘adventure seeker’ segment customer demand, which will sustain our business with new consumer engagement and expectations.

Building from our core as an RV travel business, we’ll extend our reach into our peer-to-peer platform and services, designing better access for users choosing to interact with our system.

3. All the while we’re enhancing our total capability with new innovation that will set a new th/ delivery standard.

We continue to develop and create multiple ways for customers to connect into us.

To grow our capability in NZ and AU by leveraging the skill and competence within Action Manufacturing.

As the core of the business from a volume and people perspective, we have a global growth focus.

Knowing what we build and buy will resonate with customers is our niche, which we need to leverage across the market globally.

Aggressively expand the Mighway platform within TH2 capabilities.

Leverage existing experiences to connect all parts of the ecosystem.
BUILD/Buy
GROWING CAPABILITY

Strategies
In investing in our core RV assets, we are leveraging the strength of the global group through a combination of build/buy strategies across our geographies. Our build strategy is focused on partnering with our JV partner, Action Manufacturing, to design and manufacture for the NZ/AU market. We continue to build on the skills and capability embedded in Action Manufacturing, with over 50% of total RVs being procured through our JV in FY18. Within our buy strategy we are exploring global procurement options across the network. Through a combination of leveraging our group purchasing power and exploring new chassis options we are looking to achieve commercial benefits. Our flex fleet initiative continues to be embedded, delivering operational and capital benefits. In FY18 we purchased 30% of our fleet as flex, with continued focus in FY19.

Goals delivered
Total investment of $201M purchases to maintain fleet resulted in fleet growth of 6% vs FY17 to meet increasing demand across markets. This translated to over 2,700 RV purchases across all markets. Focus on innovation with technology is continuing to deliver through telematics within purchased fleet. Ongoing positive driving metrics have been demonstrated, including reduced speed and road breaches. This has resulted in recognition in Australia where thl received AMIA Fleet Safety Award. A specific focus in managing our fleet in the El Monte business has been on reducing overall fleet age. With a continuing reduction from 2.4 years FY17 to 1.5 years FY18 average age, we have seen a reduction in repairs and maintenance costs.

Future focus
FY19 and beyond, focusing on continuing to embed current strategies and further leveraging technology and size of global group. With our build strategy, thl continues to benefit from the Action Manufacturing design-led mentality, with refreshed modular RV designs for the Australasian market. The global buy strategy is focused on leveraging increasing competition in the RV wholesale market through the introduction of several new chassis to create both price and specification opportunities for thl. Additionally, in delivering on the strategic imperative of innovating with technology, FY19 will focus on continuing to embed telematics across the fleet, with trials in NZ/AU, and growing expertise in the EV space through investment and consolidation of outcomes from FY18 pilots.
**Rent**

**Global Growth Focus**

**Strategies**
We have established a strong rental footprint across NZ, AU and the US and we see further global opportunities within this space. Within our core business we are focused on operational optimisation and demand generation across these markets.

With the overall tourism sector in the markets we operate forecasting growth at between 3-5%, we are focusing on demand generation programmes to best capitalise on these trends. These programmes include an enhanced direct marketing approach, new product propositions for growing segments and optimised pricing programme.

Additionally, to deliver continued operational optimisation within the US business, we are building momentum in project Real Velocity.

**Goals delivered**
- Overall, 24% rental income growth delivered through combination of full year El Monte performance (16%) and strong underlying business performance (8%) driven by strong performance in AU Rentals.
- Overall hire days have increased in FY18 by 16%, with thl delivering over 1.1 million hire days across the Group. This increase has been driven by a combination of fleet growth in NZ, AU and improvements in utilisation in the US.
- With our first full year operating the El Monte business, we have achieved strong results with improvements in utilisation, yield and repairs & maintenance costs, driving 8.7% ROFE improvement.

**Future focus**
In line with our strategy, our focus in FY19 is on demand generation across our core markets and integrating the US businesses to deliver synergies.

We are building an enhanced direct marketing approach in AU, which will be leveraged across our other markets. With the focus on building a scalable playbook, including more agile marketing processes, we will ensure we are getting the right message, to the right person, at the right time. To complement this approach, we have a focused channel strategy, collaborating with trade partners to respond to changing trends in origin of travellers.

Investing in technology with Project Cosmos will deliver improvements in our search, booking and pricing systems. This will be initially rolled out in AU/NZ, with further opportunity in the US market.
SELL

CORE CAPABILITY WITH GROWTH POTENTIAL

Strategies
A strong RV sales business is a core component to delivering on the thl model. We need to have a strong connection to ensure what we build/buy will resonate with customers. To deliver effectively in this space we operate across a mix of retail/wholesale channels, depending on a mix of market infrastructure, resource, capability and product positioning.

We are continuing to increase our volume of sales globally, which results in an increase in inventory holdings. A core factor in delivering improvements in sales is building capability, which has included a focus on our distribution network and maximising our RV Supercentres. Additional focus on the right skills and number of sales resource is shaping our recruiting approach in this area.

Goals delivered
thl delivered a 16% increase in total sales in FY18 across the NZ, AU and US businesses. This included strong sales growth in a flat US market resulting in increasing share and maintaining a strong number one position in the NZ market. This was achieved while delivering a 27% increase in total revenue.

The RV Sales site in Melbourne continued to grow, with this now being the largest single site for sales for the business. Total inventory levels increased with the increasing sales volumes. This was also impacted by operational issues in the last quarter, affecting NZ and El Monte sales numbers.

Future focus
In FY19 we are continuing to focus on driving growth in vehicle sales through a combination of approaches. This includes growing our distribution network across all three markets, utilising improved online presence, strengthened dealer network and recruitment for key leadership positions to drive growth.

To ensure we deliver in this segment, we are tracking ourselves internally across key metrics including stock turn, pricing relative to market, add-on sales per vehicle sold and real depreciation rates. The real depreciation rate reflects the reduction in the fleet asset value across the full life of both rental and sale, therefore encapsulating the age/condition of the vehicle post rental and the sales margin achieved.
New Zealand

The EBIT performance of $25.7M was an increase of over 6% on the prior year. EBIT margin was 19% and the ROFE was 17.9%, versus 18.3% last year. Last year we had indicated that we expected ROFE to settle for this business around 17%. Of note, the EBIT increase for the year is on top of a nearly 50% increase in the FY17 year.

The business is performing very well against historical norms and is well positioned for further growth this year.

Vehicle sales from rental fleet (core and flex) was 464 units, down from 546 the prior year; however, we sold 204 additional units through the Jucy fleet sales, fleet direct to sale from new or Just go and trade-ins. In addition, we had 104 units carried over into the FY19. The fleet purchases and sales for FY19 are being adjusted to allow for these units; that is the benefit of the flexible fleet proposition we operate today – we can adjust to situations in a far more flexible manner than historically.

There is no concern with the New Zealand vehicle sales market at present. The 104 carryover units was ~70% due to operational issues, where we didn’t process the vehicles in time for sale in the last quarter, and 30% related to excess numbers of certain vehicle types planned to sell at one time. Of note, there were opportunities to sell many of these units to other operators in the market and we chose to remain focused on the longer term goals and outcomes.

The flex-fleet pod product is being effectively sold by Action Manufacturing in a variety of channels and product variations. We will continue to use this method to try different chassis types, to maximise both rental and sales opportunities.

Australia

The Australian EBIT result of AUD$10.0M was up from $7.7M in the prior year – an increase of 30%, or 35% in NZD terms. The business has been improving year-on-year and this year achieved a ROFE of 13.3%.

Total vehicle sales, including flex-fleet, for the year were 664, compared to 501 in the prior period – an increase of 33%.

The Melbourne RV Sales Centre is nearly three years old and is now our largest single site for RV sales in Australia.

Fleet operating expense cost control is now set as a fundamental foundation for acceptable performance in the Australian business.

There are still opportunities to grow revenue, which we are exploring. The business will conduct a deep review of the business model in the coming financial year to enable this.

The expectation is that we develop more revenue opportunities for the business over the medium term.

From a competitive standpoint, we have seen increases in competitors within the 4WD category, in particular. The rest of the market seems reasonably stable, with some small growth in smaller operators in regional areas.
USA

This is the last year we will report the separate business units within the USA – we have a more combined approach to fleet purchases, sales and operating fleet over the coming year. Along with an increase in planned combined operating activity, this will make it very difficult to segregate individual brand performance on a full P&L basis.

The market has been mixed in the USA, with domestic demand, in particular, showing a lot more volatility than previously experienced.

The vehicle sales market still seems strong from a retail perspective, although dealers appear to be heavily stocked and, thus, wary of the months ahead. This is creating some more competitive tension, although nothing that is of serious concern to the business.

Road Bear

Road Bear remains the highest performing business within the thl RV businesses from a ROFE perspective. Although down on the prior year high of 28%, the FY18 result of 25% was still in line with expectations.

A record sales year, again, for the business, with just on 750 units sold throughout the year. Margins were down slightly, due to the impact of a reduction in the rebates from manufacturers.

Operating costs were higher than the prior year, as the business continues to ensure the appropriate processes are in place for the size of the business today.

The business did have a one-off negative impact for the settlement of a legal dispute and a smaller one-off gain from the sale of the Orlando property.

Revenue continued to grow, with rental revenue up 2% in USD terms and vehicle sales up 21%. EBIT, at $6.7M USD, was down 4% on the prior year, reflecting the issues noted above.

The average sell price has increased in line with these expectations; however, volumes have been below expectation, but above historical norms.

From a management perspective, Gordon Hawstan, who was General Manager for New Zealand Rentals & Sales, is now the General Manager for El Monte. Gordon started in June 2018 and has commenced a new project in the business – Project Real Velocity. Project Real Velocity is about engaging the whole El Monte business, and large parts of thl, to enable a faster pace of development in certain areas, which align with thl’s direction. Over the coming 12 months, El Monte will review the franchise and dealership model to enable growth, expand vehicle sales opportunities and complete further integration activities within the broader thl business. The Finance ERP, D365 and Cosmos booking system are also expected to be implemented throughout the Financial year.

El Monte

The result reflects the first full financial year of thl ownership of the business. Comparisons are, therefore, difficult to make to the prior year as a whole.

The repositioning of El Monte in the international markets has gone well and growth in bookings from the core European markets has been strong. The yield associated with those bookings was below expectations. The purchase of new fleet in FY18 was the largest in recent history for El Monte. The benefits are reflected in significantly improved customer satisfaction metrics and lower fleet operating costs, which have reduced significantly.

Vehicle sales has had to transform its operation and it is a work in progress to meet the high thl goals. The vehicles for sale on the El Monte sites are much newer than the last few years and, thus, come with a higher price tag and lower mileage. This requires a change in marketing and selling style. The average sell price has increased in line with these expectations; however, volumes have been below expectation, but above historical norms.

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Tourism

The Waitomo business has had another impressive growth year, driven by growth in international visitor arrivals (IVA). The conversion to retail and food and beverage revenue worked well, and EBIT margins remained high.

Kazi Experience again performed below expectations. There is definitely a drop in backpacker arrivals within the age bracket that Kazi attracts; however, there is potentially also a loss of some market share to competitors. We have confidence that there is growth in the coming year, due to cost reductions, which are within our control, and a number of new marketing and sales initiatives.

| REVENUE (NZD) | +5% |
| COSTS (NZD) | +2% |
| EBIT (NZD) | +11% |
Equity Investments

TH2

TH2 was formed in March 2018. The 50% share of the four month result was a loss of $2.7M NZD.

The business has been focused on the development of the technology to launch the ‘ABE’ product (the consumer-facing brand name is in development) and the launch of Cosmos into 4M. The Roadtrippers business has been developing TOMO for tourism product and a deeper customer offer to enable a paid Roadtrippers Plus product.

From a day-to-day business development perspective, there has been a focus on the creation of TH2 as a standalone business, with appropriate accounting policies, development processes, business planning and KPI reporting.

Further detailed planning has been conducted to create a FY19 plan, including further detailed customer research into the product; offers and pricing. The result of the extensive planning is a business plan that will likely see the business operate to a loss of circa $20M USD in the FY19 year. The opportunity is seen as significant enough to add more crew to the team, to enable greater growth. The move to a freemium model for commencement of the ‘ABE’ product creates initial losses; however, is expected to create a larger customer base in the first year.

This has been discussed in some detail within the Chairman and CEO reports.

Action Manufacturing

The Action Manufacturing result of $2.9M (thl’s 50%) was below the prior year result of $3.1M, however reflects a lower cost of build for the 4M rentals business.

The underlying productivity, stock control and non-4M sales were all ahead of last year. The business has grown exports to Australia in the year – both with the emergency services vehicles and the small parcel delivery vehicle market.

The business has started to suffer from a lack of capacity and has entered into a lease for additional space in Hamilton to service demand. The forecasts for this business are very positive.

Action Manufacturing Acquisition

Action Manufacturing has recently signed a conditional agreement to purchase Fairfax Industries in New Zealand.

Fairfax is a leader in the manufacture of refrigerated truck bodies and trailers; operating for over 40 years.

thl and Action Manufacturing both have synergy opportunities with the business. thl will contribute circa $1.5M to Action Manufacturing to assist with funding the transaction.

The transaction is expected to complete by 31 August 2018.

Just go UK

The Just go result was $0.2M NZD, down on the $0.5M delivered in the prior year. The primary driver of the lower result was due to Just go holding a number of vehicles, which had been previously ordered for 4M. The vehicles were held to enable 4M to sell the large motorhomes purchased from Jucy rentals.

The outlook for the business is positive and we expect growth in the coming year.

ACTION NPBT (NZD) $3M

JUST GO NPBT (NZD) $0.2M

TH2 NPBT (NZD) -$2.7M

Corporate information

Directors
Rob Campbell
Debbie Birch
Kay Howe
Cathy Quinn
Gráinne Troute
Graeme Wong

Executives
Grant Webster – Chief Executive Officer
Mark Davis – Chief Financial Officer
Jo Allison – Chief Operating Officer
Keith Chilek – Chief Technology Officer
David Simmons – Chief Operating Officer New Business Development

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Bankers
ANZ Bank New Zealand Limited
Australia and New Zealand Banking Group Limited
Westpac New Zealand Limited
Westpac Banking Corporation
The Hongkong and Shanghai Banking Corporation Limited