Welcome to the 28th Annual Meeting for Tourism Holdings Limited. My name is Rob Campbell, your Chairman.

As we have a quorum present and it’s 2:00pm, I declare the annual meeting open.

I am joined on stage by fellow directors Graeme Bowker, Christina Domecq, Kay Howe, David Neidhart and Graeme Wong. We’re also joined on the stage by our Chief Executive Officer Grant Webster, Chief Financial Officer Mark Davis and board secretary Nick Wilson.

In the audience today we also have a number of the team from within the business. I will quickly introduce the executives in the room. Grant Brady, Jolanda Cave, Keith Chilek, Matt Harvey, Gordon Hewston, Mike Horne, Kate Meldrum, and Daniel Schneider. We also have representatives from the New Zealand rentals business, our support crew in Auckland, Kiwi Experience and the vehicle sales business based in Albany.

Finally, we also have representatives from our auditors, PricewaterhouseCoopers, solicitors, Minter Ellison Rudd Watts, banking partners, Westpac and ANZ and our share registrar, Link Market Services who are managing the polling process.

Members of the news media are also with us today. Grant and I will make ourselves available for comment after the meeting.
As indicated on the screen we have received 65.0 million valid proxies, online and postal votes, representing 57.8% of the ordinary shares on issue. Of those 51.9 million have identified myself as chair of the meeting as proxy.
We begin the meeting today with an outlook on the future of the company, our plans to complete improving the current business and a guide to the next stage of development and growth of the business.

Grant will then give a brief update on the operating business today, the market context in which we are operating and a couple of comments on the pathway to growth.

Following both of these updates we will move to the formal proceedings where we have four resolutions which will all be conducted by way of poll vote. Link Market Services will be managing the voting process and we will announce the results of the vote on the NZX as soon as practicable after the meeting.
In the past year we have improved the results of the company, but there is more to be done to have all parts of the business performing to a satisfactory level. The 2014 financial year generated a 192% increase in Net Profit After Tax (NPAT) and we had improvements in Earnings Before Interest Tax (EBIT) from every business. However major parts of the business do not yet earn an adequate return. Ongoing improvements in revenue generation and cost reduction are in the business plan and, month by month, the necessary change is being achieved.
The goals set out last year have been achieved, they are a marker on the road, moving thl to a position where the long run returns, regardless of cyclical issues, meet reasonable investor expectation.

We aim now to complete the baseline turnaround process in the current year. Change will be ongoing but the movement of the existing businesses of thl into a sound successful company will be achieved.
So where to next? The company has been listed on the NZX for nearly 30 years and has changed significantly over that time. The board has recently completed a planning exercise for future growth.

We will remain a tourism business with a strong New Zealand base and expanding global activity.

In the New Zealand market we see potential for growth in the range of services we provide to motorhome/RV users and in the services we are able to provide to other travellers such as our Kiwi Experience and Waitomo customers.

All growth activity is subject to rigorous return on equity and cash generation criteria. We expect to see a range of new incremental growth initiatives adopted during the year. Most of these will be “capital light”.

Our global growth will come in the motorhome/RV market where we are already the global market leader. We are engaged in a range of initiatives which we expect will expand our presence. Some of that will be from relationships with other motorhome/RV businesses in our traditional markets. A strong and exciting part will come from the development of customer service based initiatives. Such services will create value across a wide range of platforms and alliances which grow the global market and leverage our size and expertise.

Firstly though, we need to consolidate and continue the improvement in base line returns from the capital we have employed in the business today.

The recovery phase for the New Zealand and Australian rentals businesses will revolve around ensuring we have a focus on both systemic cost reduction and revenue growth. We will have a business model that is less susceptible to global shocks or sudden changes in demand. The business will be more flexible and continue to reduce fixed costs.
I want to be clear about the decision making when we look for growth opportunities.

We will only invest where we have confidence that the investment is going to achieve a return well above the cost of capital for the company. We will measure businesses based on achieving a long run average ROFE above 14%, which we have determined is a minimum benchmark. This means we have an expectation for higher returns when the general market is showing positive growth. We are also strongly focused on short term cash returns.

Our key growth criteria are as follows:

- We will build a strong experience based business.
- We will be motorhome or RV centric, (where our greatest expertise lies), but not exclusively so.
- We will be less capital intensive with more flexibility so that there is greater tolerance in the business model.
- We will leverage our existing assets in tourism and manufacturing in New Zealand and our motorhome capability offshore.
- We will ensure we have balance sheet flexibility to remain well within the financial ratio benchmarks we have set for the business.

We would note, we have no particular investment or initiative to discuss at this point in time.
We set some commitments to you as shareholders last year and we are committed to setting further goals today.

This year we have already made an initial commitment to achieving a Net Profit After Tax in excess of $15 million. At this point, with results so far, we are lifting that target to be in excess of $16 million. This will represent at least a 44% increase over last year.

The Australian business continues on the positive cost reduction path and with the fleet right sizing that has occurred the business will achieve an acceptable return at this stage of the recovery. It will be very close to 14% ROFE with more growth planned for FY16. We should note this excludes the management fees charged to the business.

We will see a positive improvement in the New Zealand business. With fleet changes and other initiatives we will see progress but not completion. We will achieve the desired result in FY16.

The USA, tourism and manufacturing joint ventures will all perform above the ROFE targets with debt repayments from RVMG lowering our investment in that business, whilst it continues to grow.

Let’s consider debt. We have managed debt effectively to now have strong balance sheet metrics.

Our expectations are to see debt continue to reduce unless we have strong value accretive growth opportunities. Any such opportunities will ensure we remain within the guidelines we have provided. At this point debt will stabilise just under $80 million.
With growth we also need to manage risks within the business and protect your funds and assets.

We have a robust risk framework in place within the business which the board has reviewed in detail this year.

We are also in the process of improving our performance in terms of the environment and sustainability. We will be reporting on that performance in future meetings.

From a financial perspective we are focused on measuring ourselves against the Moody’s Baa rating using their methodology for the global equipment and automobile rental industry. We share this with you so you can understand the kinds of covenants and business modelling we create to ensure we are well protected against any downside. We are weaker in the EBIT margin measures and over perform in the asset backing measures. Moving to a less asset intensive and higher margin business is a longer term goal.

Based on our scenario planning today we could withstand annual drops in revenue in excess of those seen in past shock events impacting travel, such as SARS and 9/11. We are in good shape.

We will also continue to ensure we remain focused on health and safety and that we benchmark ourselves on an international basis in this regard.
Within the board we have also had further change this year. We have had Christina Domecq join the board bringing strong international strategic digital, marketing and entrepreneurial experience.

Today, we are also announcing the retirement of Graeme Bowker from the board early in 2015. After 12 years’ service to thl we acknowledge the long standing support Graeme has provided to the board as a whole. Over the past couple of years Graeme has also led the Audit and Risk Committee and from a chairman perspective I have appreciated the degree of attention and focus Graeme has put into this area. In particular, the risk review conducted this year.

Graeme has arguably been the most prolific user of our motorhome product from the board and thus has always been a strong advocate for the customer as well. Based in Australia, Graeme has always stayed close to that business and is well known within the team in Australia for his support of the business.

Thank you Graeme.
We are in the process of recruiting another director. It is important we manage the process carefully and ensure we have the right skill set to complement what we have today and assist in driving the business forward on a path of growth.

I am hoping we can make an appointment within the next two months and I have an expectation we can have a new director in place for the February 2015 board meeting when Graeme will retire.

This year we also established a new board sub-committee, the Marketing and Customer Experience Committee. I would like to thank Christina and Kay, the board members of that group, for the extra time and effort in reviewing how we operate and move the business to be a more marketing led organisation driving customer experiences and revenue growth. This move has also been positively received within the business.

We are focused on putting the customer proposition to the forefront of our minds.

We also established a Market Disclosure Committee specifically tasked with the ongoing review of all disclosure requirements.

As a board and management team we are heading in the right direction and we will continue to improve. As such we have recently conducted a detailed review of board performance. The review was extensive and led by an external facilitator. We expect to review ourselves regularly and ensure we are operating in a manner which will improve our performance for you.

thl is only part of the way through a major change in the nature of its business. The potential for growth in the scope, scale, earnings and shareholder value is exciting. The board and management are working hard at this in a determined, collegial and consensual way. It is important that this continues and that shareholders recognise and support the contribution which each member of the board, management and staff make to success.
Grant will cover the detail of our half year forecasts however at a high level we will show increased NPAT on last year by in excess of 60%, increased ROFE and we expect a small increase in dividends for FY15.
As I indicated briefly earlier we are upgrading our expectations for the full financial year. We are now committed to achieving a NPAT result above $16 million. Reviewing the targets we have set business by business you can easily see the recovery plan is in place.

We are targeting debt of around $80 million before any Hamilton building sale.

In summary, I am pleased but not settled when considering the performance of thl. There is more to do and a commitment to performance.

I will now hand over to Grant to provide an update on the business operations. Grant is going to start with a short video from our latest marketing campaign.
Video – Dream – discover, explore, connect
Thanks Rob.

What an amazing experience we offer.

Today I would like to take the opportunity to briefly talk about the investment story for thl and why there are still opportunities for improvement.
The FY14 results are reviewed extensively in the Annual Report and we will be happy to take any questions on the year that has past at the end of this address. In short all businesses improved their financial performance in a sustainable manner.

We operate in an industry that is described as volatile and our primary industry segment of recreational vehicle rentals is less than 1% of the world travel market. That provides a great opportunity for growth. We are focused on growing demand for the category and delivering amazing experiences.

This graph shows the Funds Employed by business on the horizontal axis, the Return on Funds Employed (ROFE) percentage on the vertical axis and the size of the circle represents the EBIT contribution to the business.

The opportunities are simple. New Zealand rentals and vehicle sales is where we have the largest funds employed and lowest return on funds. The fix is underway with both revenue growth and ongoing cost reduction. The effort in the New Zealand business is immense and we will remain focused on ensuring that effort delivers results.

Australia rentals is the next significant opportunity and the recovery path is well established. We still have positive improvements in costs being delivered and are also seeing positive revenue growth.

The remaining businesses are all at the right end of the ROFE axis. We have further leverage within these businesses with growth in visitation and new product development planning underway.
With a recovery plan in place we are clearly focusing on creating more revenue and growth. From a market perspective we know that leisure tourism is on a growth path internationally.

We are in the right industry to see volume growth. We are still seeing growth from China and other emerging nations as well as strong recovery projections from the traditional markets. In particular we have strong booking growth from the UK market to New Zealand.

New Zealand tourism is on track for forecast 4.0% compounding growth in visitation over the next five years, Australia is expecting 4.8% and the USA is on track for 3.6% growth. The focus for us is to ensure we maximise this opportunity without just throwing more fleet into the market and creating capacity issues for the future. We will deliver visitation driven growth and more importantly focus on growing the value of the total customer experience.
When considering the investment case for thl, shareholders often ask for more clarity on the vehicle sales, market and how we are performing from a margin perspective.

Margins will change over time as the fundamental premise we operate by is to have depreciation as accurate as possible within the rental life of a vehicle. We do however allow for a margin on sale of between $3,000 and $5,000 per vehicle. If we believe there will be a greater margin on sale in time we wait until that is proven in the sale market before adjusting the depreciation rates.

This graph shows the actual or real effective depreciation rate in New Zealand and Australia for vehicles that we have sold over the past four years. Pleasingly this has been decreasing as our improved designs and quality flow through to sale.

The market for vehicle sales has also been growing. Registrations for our category in New Zealand and Australia have indicated 5.7% and 3.7% compounding growth respectively and the manufacturing data from the USA shows growth in excess of 10% per annum since 2010.
We can also see growth for our manufacturing joint venture. The specialist emergency services vehicles we produce have a very positive reputation and we are just in the process of launching the product into the Australian market. Early feedback is also positive and we want to commence production in the coming year. There are both design and cost benefits from the production of these vehicles for our motorhome manufacturing. So, along with increased joint venture profits we expect lower production costs over the coming year.
The tourism businesses we have in New Zealand are well positioned for growth this year and into the future in line with the Ministry of Business, Innovation and Employment forecasts for inbound visitor arrivals.
Whilst the first stage of growth is about the business we have today we are however also focused on how we extend ourselves and create new opportunities.

The Chairman has articulated the boundaries for growth which we will apply.

Within those boundaries we will focus on growing the value of the experience we offer.

We have consolidated the market and that phase of growth is now maturing so we need to be considering what is next and where we can grow revenue.

We must move the business away from a product and price marketing mentality and focus on the experience seekers market, creating demand and a targeted brand proposition.

We will grow the current interaction with customers, from the provision of a motorhome to rent to a fully immersive experience that inspires and connects customers.

We have started the journey in changing our message, as you saw in the video, and we have a lot on our agenda.

It would be fair to say we have indigestion from the mergers and acquisition over the past couple of years from a brand and product perspective. We will reassess this year how we take ourselves to market and ensure that no matter how a customer wants to find us, through traditional travel agents, online agents or direct, we will have a compelling connected experience.

In simple terms we are nearing the end of the below the line gains and we are focusing on the above the line next step opportunities. Watch this space.
As mentioned by the Chairman the outlook for the half year is positive.

We expect Net Profit After Tax to be above $4.0 million. This growth rate of 60% is in line with our expectations and requirements to meet the full year targets.

Australia will show strong growth over last year. New Zealand will have little gains as the growth comes in the second half. The USA will have a small decline in profit as we have previously indicated in the Annual Report. I would reiterate that this is purely a result of exceptional vehicle sales in the last quarter of the FY14 year which meant we had less fleet for rent in the USA July to September high season. Of note one of the rental competitors, Camping World, has recently announced they are exiting their rental fleet which was a small part of their total business.

The tourism businesses have started the year well and are in line with positive growth. The manufacturing joint venture is on track to show the strongest percentage growth for the full year.

Half year dividend expectations should remain in line with the FY14 year end dividend of 6 cents per share, however we will confirm that in February 2015. Long term we will aim to be consistent with dividends whilst enabling enough funds to remain in the business for growth opportunities.

We look forward to providing a further update on progress when we release the half year results in late February.

Finally I would like to thank all the crew in thl who are making a difference and focused on where we go next as an organisation.

We are improving and will succeed.

I will now pass back to the Chairman for the formalities.
Thanks Grant.

I would like to open up to the floor for questions. 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.

Are there any questions?
There being no more questions I will now move on the formal items of business on the agenda.

Under NZSX Listing rule 3.3.11, and in accordance with the constitution of the company at least one third or the number nearest to one third of the total number of directors must retire by rotation at each annual meeting of shareholders. Also in accordance with our Board Charter, directors on the board are subject to re-election every three years.

The directors to retire are those who have been longest in office since their last election or re-election and if they’re eligible they may offer themselves for re-election by shareholders at the annual meeting.

As I mentioned earlier Graeme Bowker has indicated his intention to retire early in 2015 however remains on the board until that time.
As indicated we are operating a poll vote for all resolutions today. Eligible shareholders or proxies have been given a voting card. For each resolution you will 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 votes received prior to the meeting. PricewaterhouseCoopers are acting as scrutineers and once the results of the resolutions have been confirmed, these will be announced to the NZX.

Moving on to the resolutions:
Resolution 1 – Election of Christina Domecq

Christina Domecq, (appointed as a director by the board on 1 February 2014) be elected as a director of the company.

I will now ask Christina to speak briefly.

[Christina]

Thank you Christina

Are there any questions for Christina? If not can you please cast your vote on the voting card in relation to resolution 1.
Resolution 2 – Re-election of Kay Howe

Kay Howe is retiring by rotation and being eligible offers herself for re-election.

I will now ask Kay to speak.

[Kay]

Thank you Kay. Are there any questions for Kay? If no can you please cast your vote on your voting card under resolution 2.
Resolution 3 – Re-election of Graeme Wong

Graeme Wong is retiring by rotation and being eligible offers himself for re-election.

I will now ask Graeme to speak.

[Graeme]

Thank you Graeme. Are there any questions for Graeme? If no can you please cast your vote on your voting card under resolution 3.
Resolution 4 – Auditors

PricewaterhouseCoopers are automatically reappointed as auditor under section 200 of the Companies Act 1993. This resolution authorises the board of directors to fix the fees and expenses of the auditor.

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 under resolution 4.
That ends the resolutions for this meeting. We will move onto 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 you to a light afternoon tea.

END

Authorised:
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