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26 August 2014

MEDIA | NZX RELEASE
TOURISM HOLDINGS LIMITED (*thl*)
FINANCIAL RESULTS FOR THE YEAR TO 30 JUNE 2014

thl NPAT up 192% with more growth forecast

HIGHLIGHTS:

- Net Profit After Tax (NPAT) of $11.1 million up 192% on prior year
- Operating Profit Before Financing Costs and Tax (1) (EBIT) of $22.8 million up 57% on prior year
- Net Debt reduced to $79 million (2) from $120 million
- Final dividend of 6 cents per share (cps) declared, making total for year of 11 cps up from 4 cps in prior year
- All operating businesses improved profitability in FY14
- Forecast FY15 NPAT of at least $15 million, or at least 35% growth over FY14

New Zealand's leading tourism group Tourism Holdings Limited (***thl***) **(NZX:THL)** announces a successful turnaround in the company's profitability and outlook with a 192% increase in NPAT, a further 35% increase in forecast NPAT for FY15 and a gross annual dividend of 11 cents in calendar 2014.

Chairman, Mr Rob Campbell said, "The ***thl*** team has achieved the commitments we made to shareholders a year ago. We cannot yet claim to be a successful company, but we will be. We have higher expectations for the company, expectations for growth and the development of a business model that is more robust, less capital intensive and focused on world leading customer experiences.

We have confidence in the coming year and have set a forecast of at least $15 million NPAT for FY15. This represents a further increase of 35% on the FY14 result released today. Shareholders should expect more from us in the future. That is the expectation we have of ourselves."

The final dividend of 6 cps will be partially imputed (up to 50%). The company has been in a tax loss position in New Zealand and will resume a cash tax paying position in New Zealand in FY15.

Chief Executive Officer, Mr Grant Webster said, "From my perspective I have been encouraged that the turnaround in profitability has been driven by both revenue growth in most business units, and cost reductions. We are focussed on both.

(1) EBIT excludes joint venture earnings
(2) In addition to Net Debt in FY14, there is a $6.0 million commitment against a Letter of Credit facility in favour of RVMG LP for Work in Progress fleet purchases which wasn't in place in the prior corresponding period

Every business unit within ***thl*** has improved profitability. Importantly, this is not just a market led recovery. We have had clear plans for improvement and business model changes that we see the benefits of within the FY14 results.

There is still lots of work to do in this business and we can now aggressively focus on growth strategies as well as ensuring returns improve on the current capital employed.

We have confidence in the FY15 forecast given the USA high season is well underway, our current cost run rates are in line with cost reduction plans and forward bookings for the New Zealand and Australia upcoming summer seasons are meeting expectations."

thl also announces it has commissioned research coverage from Edison Group. The initial independent report is expected to be released this week.

ENDS

TAKE OUT COMMENT: "*thl* profit up 192% and forecasts further growth in FY15."

NZX: THL
FINANCIAL AND OPERATIONAL RESULTS FOR THE YEAR TO 30 JUNE 2014

This report is based on the audited financial statements prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZIFRS).

Current Year NZ$m; Up/down %; Previous corresponding year NZ$m

Total Operating Revenue $226m; Up 0.4%; $225m

Operating Profit before tax $18.2m; Up 208%, $5.9m

Less tax on operating profit $7.0m; Up 239%; $2.1m

Profit after tax $11.1m; Up 192%; $3.8m

Profit after tax attributable to members of the listed issuer; $11.1m; Up 192%; $3.8m

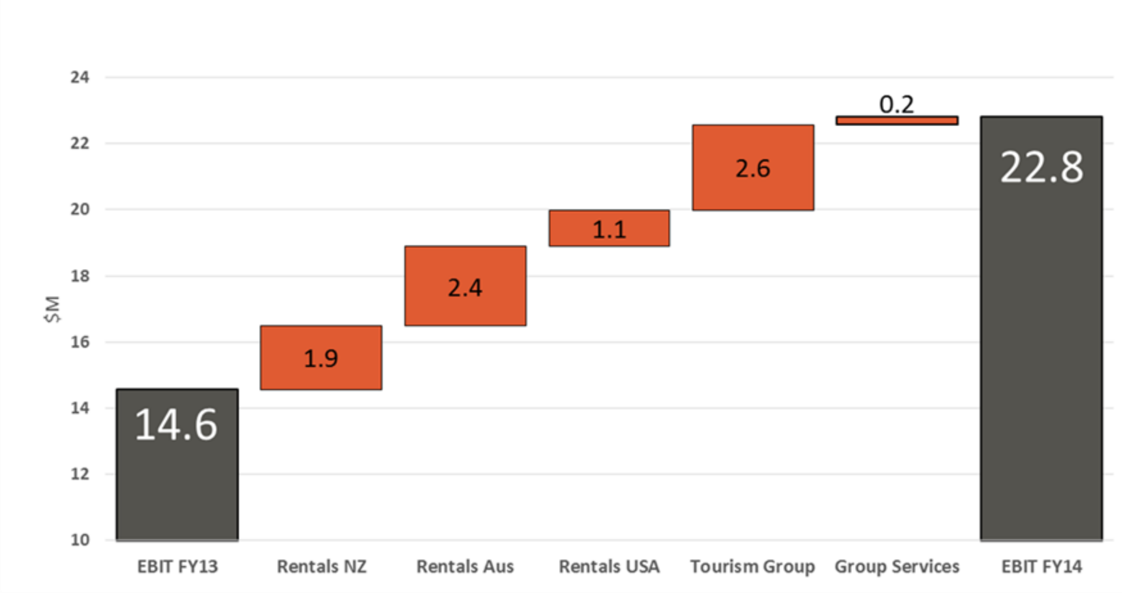
Earnings per share 10.0 cps; Up 180%; 3.6 cps

6 cps dividend declared – partially imputed

Record Date : 16^{th} October 2014 (ex dividend date 14th October 2014)
Payment Date : 23^{rd} October 2014

GROUP PERFORMANCE

Group Revenue for the year to 30 June 2014 rose 0.4% from $225 million to $226 million while group Operating Profit Before Interest and Tax (EBIT) grew from $14.6 million to $22.8 million. We note EBIT excludes joint venture earnings.



All business units increased in profitability for the year and Group Support Services reduced in costs (albeit against the merger costs in the prior year). The funds employed reduced and Return on Funds Employed (ROFE)[(3)] were as follows:

	Full Year		
	June 14	June 13	Var
THL Rentals			
New Zealand	6.7%	4.3%	2.4%
Australia	6.3%	1.8%	4.5%
USA	25.4%	19.3%	6.1%
THL Rentals	9.4%	5.7%	3.7%
NZ Tourism	25.4%	14.3%	11.1%
Total Return on Funds Employed	**9.6%**	**5.2%**	**4.4%**

(3) Calculated as EBIT divided by Funds Employed as at June 30, 2014.

OUTLOOK

thl has set an expectation of at least $15 million NPAT for FY15. The increase in profitability is expected to primarily come from New Zealand and Australia rentals businesses and general cost reductions.

BUSINESS UNIT SUMMARY

thl derives its strength from the success of its various business units. The following is a summary of the performance of each business.

RENTALS USA

The United States business improved EBIT by 17% to $7.6 million in FY14. As indicated in the half year results release, the numbers of vehicle sales has been exceptional in the last financial year creating some profit timing benefits to the business. We expect vehicle sales to stabilise at a more normalised level (circa 450) in the coming year. The stronger than forecast sales also impacts the rental revenue in the short term due to less fleet for the 2014 summer season. The combined impact of less vehicle sales and less 2014 peak season rental fleet will lower profitability in FY15. Longer term profitability is expected to grow. Per vehicle profitability on sale is not expected to drop in FY15.

The 2014 summer season (which generates the majority of the United States FY15 profit) has commenced as planned and we have confidence in another year where the ROFE will be above 20%.

This coming year will see our Road Bear CEO Daniel Schneider move to Switzerland and take up a role as an Executive Director of the business and a consultant to the broader ***thl*** business.

The Orlando branch that opened in 2013 has performed to expectations both in rentals and in opening up new vehicle sales opportunities.

The general RV market in the USA is returning to pre Global Financial Crisis performance with expectations for ongoing growth over the coming years.

We remain confident in the positioning of the Road Bear business today and will continue modest and stable growth in fleet within the current business model.

RENTALS AUSTRALIA

The Rentals Australia business improved EBIT from $1.3 million in FY13 to $3.7 million this year. The second half performance where EBIT increased 153% vs the prior corresponding period (pcp), reflected the initial business changes from the strategic review conducted earlier in the year.

This second half performance provides confidence in the ability to deliver to the targets set for FY15 and improve the ROFE from 6.3% toward our goal of 14%.

The reality for the Australian business is that the manner in which we manage revenue is critical. In a country as large as Australia where customers travel much longer distances in a shorter period of time we need to be strong and disciplined logistically.

Funds employed in the business dropped by 11% (AUD terms) and we expect a further small drop in FY15.

The Australian management team in place today are well positioned to deliver to the expectations and ensure we achieve growth.

RENTALS NEW ZEALAND

The Rentals New Zealand business improved EBIT by 35% over the prior corresponding period to $7.4 million. This performance is still unacceptable given the funds employed in the business. We had a very busy year and despite a huge effort from the crew on the ground we were caught with some operational issues which will not be repeated in the future.

The ROFE was 6.7% . We have a 'must do' attitude to achieving an acceptable minimum performance in FY15 with long term sustainable returns being achieved in FY16.

On a positive note, despite circa 200 vehicles hitting the sales market with the Pacific Horizon receivership, we sold over 400 vehicles. Demand for our brands and products is sustained and the RV Super Centre is delivering to our goals.

We are confident that we have an RV sales business in New Zealand that can provide an experience well beyond just selling ex-rental motorhomes to the New Zealand market. The one-stop offer today includes new and used motorhomes, caravans, a fully stocked retail store and a service and accessories centre that can meet motorhome enthusiasts' needs.

We have confidence that we can continue to grow the demand for motorhome ownership in New Zealand.

In the last year we also moved our Christchurch premises to temporary facilities to allow for the previous site to be redeveloped by the owners. We are looking forward to being in a new site in 2015.

We know in New Zealand that we need to ensure peak season demand exceeds supply and we will be continuing to down-size the fleet marginally over the coming year to around 1,850 vehicles.

The number of brands we operate in New Zealand will continue to be reviewed in line with our desired product, service and experience offering. Operationally we have continued to reduce the number of categories and fleet types to simplify the business and ensure greater consistency in our offer.

TOURISM GROUP

The increase in EBIT from $4.0 million in FY13 to $6.6 million in FY14 reflects both ***thl*** driven initiatives and an improvement in visitor arrivals.

Both Waitomo Group and Kiwi Experience hit new daily records throughout the year and we are targeting new annual highs this year.

The new coaching contract and associated new coaches for Kiwi Experience has provided cost efficiencies and a new customer experience which has been well received. The crew in this business are a highly motivated 'on brand' group that deliver an exceptional experience.

Turning 25 this year, Kiwi Experience is still young and will continue to find new places to visit and new stops that fit today's youth traveller.

The Waitomo business is gaining further share in the growing Chinese market and is benefitting from the partnership approach with the Trilogy product. The Trilogy partners (Hobbiton Movie Set Tours in Matamata and Te Puia in Rotorua) are now well entrenched in offering a compelling central North Island experience.

We will continue to focus on new product development with these businesses and enhance both the ROFE and the level of earnings.

These businesses have a positive future in ***thl*** and we see them as a core component of our growth ambitions.

JOINT VENTURE MANUFACTURING (RV Manufacturing Group)

The benefit of a joint venture partnership in manufacturing with the dedication, experience and focus of an owner operator has been critical in the delivery of what we believe is a sustainable turnaround of this business.

The transition and formation of the new business was difficult in FY13.

The improvement in FY14 has resulted from increased volumes to ***thl*** (still well below a full normalised rotation of fleet), significant cost savings and the ongoing development and growth of the specialist vehicle business Action Motor Bodies.

Throughout the year the business has designed and commenced production of two new vehicles for ***thl***; a new 4 Berth non toilet shower and a new 3 Berth toilet shower van product. Both vehicles have been very well received at the New Zealand TRENZ tourism event and are well positioned for the coming year.

The quality and production efficiencies now being obtained by this business are resulting in ongoing cost reduction expectations for ***thl*** product.

Importantly for ***thl,*** RVMG have remained on track with and committed to the repayment of shareholder loans in an appropriate timeframe. The funds employed in this business by ***thl*** will reduce over the coming two years.

In summary, RVMG will provide ***thl*** with lower cost vehicles, an improved operating profit on FY14 and a reduction in funds employed, thus driving the ROFE beyond minimum acceptable levels in a short space of time.

FINANCIAL POSITION AND CAPITAL EXPENDITURE

thl's balance sheet is in strong shape. Net debt stands at $79 million, a reduction of $41 million over FY13. We are very pleased with the debt repayments made since the acquisition of KEA and United which again prove the business acquisitions were the right strategic choice.

In addition to the $79 million Net Debt there is a $6.0 million commitment against a Letter of Credit facility in place in favour of RVMG LP.

The facility was put in place this year to enable the manufacturing joint venture to level load production to create greater productivity gains. This has also enabled a reduction in pricing of the motorhomes for ***thl*** after accounting for the costs of the letter of credit facility.

We have extended the tenure of our banking facilities, with $21 million at a 5 year maturity and the remaining term facilities at a 3 year maturity.

Vehicle sales generated $65 million against a forecast of $55 million - $65 million. Capital Expenditure was $74 million which was at the lower end of our forecast of $75 million - $85 million.

For the forthcoming year, only the US fleet is expected to grow while reductions will continue in the Australian and NZ markets. Capital expenditure is forecast to be between $75 million and $85 million with fleet sales forecast to be between $50 million and $60 million. Net Profit After Tax is expected to grow as per the outlook statement. We have set some clear internal expectations around debt benchmarks. We are broadly aligning the business to metrics consistent with a Moody's Baa rating or better.

DIVIDEND

The Board has resolved to declare a 6 cents per share dividend partially imputed (up to 50%). The tax losses in New Zealand will be fully utilised in the coming months and will resume a cash tax paying position.

CORPORATE GOVERNANCE

Christina Domecq joined the board in February 2014. At each Annual Meeting, one third of the directors retire by rotation. Graeme Wong and Kay Howe retire by rotation at the 2014 Annual Meeting and, being eligible, offer themselves for re-election. Christina Domecq will also retire and being eligible offers herself for re-election.

In addition to the Audit and Risk Committee and the Remuneration and Nomination Committee two new sub committees were formed during the year.

The Marketing and Customer Experience Committee is comprised of Christina Domecq and Kay Howe. The committee meets as required and supports the Board and Management on strategy around brand, marketing and customer experience.

The Market Disclosure Committee comprises the Chairman of the board and the Chairman of the Audit and Risk Committee. The Group monitors compliance with the Group's Market Disclosure Policy.

ENDS

Authorised by:

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

thl is New Zealand's premier tourism company. We are listed on the NZX and are the largest provider of holiday vehicles for rent and sale in Australia and New Zealand. In the USA we own and operate the Road Bear RV Rentals and Sales brand. 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. In 2012 ***thl*** entered in a joint venture to form RV Manufacturing Group LP, New Zealand's largest motorhome and specialist vehicle manufacturer. RVMG LP has operations both in Auckland and Hamilton. *Our purpose is to create unforgettable holidays by providing unique, wonderful experiences that make vacations truly memorable.*