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MEDIA | NZX RELEASE
TOURISM HOLDINGS LIMITED (*thl*)
FINANCIAL RESULTS FOR SIX MONTHS ENDED 31 DECEMBER 2013

Strong half year results sets positive expectations for growth

HIGHLIGHTS:

- **Operating Profit Before Financing Costs and Tax (EBIT) of $7.2M up $1.9M on the prior corresponding period (pcp)**
- **Net Profit After Tax of $2.5M versus a loss of $(0.5M) for pcp**
- **Interim dividend of 5 cents per share declared versus 2 cents for pcp up 150%**
- **Net Debt decreased to $97M down $37M on the pcp**
- **FY14 year end NPAT forecast of $10.5M up 175% on previous year actual result of $3.8M**
- **Strategic financial goals set at the Annual Meeting are well on track**

thl today released an interim result well ahead of the previous year's performance setting a strong base for a dramatically improved FY14 result.

Chairman of ***thl*** Mr Rob Campbell said: "We have publicly set some clear financial goals for the business and this result keeps us ahead of that plan and reinforces the commitments we have made to all shareholders."

"We are now in a position to forecast a FY14 year end Net Profit after Tax of $10.5M which will be an increase of 175% on the prior year. The business is well on track with its transformation and a decisive focus on achieving appropriate returns for shareholders. The 5cps dividend should also be seen by all as a positive indication of our progress and commitment to those targets."

"***thl*** has now positioned itself to protect recent gains with discipline and is creating a plan for growth. As a board we are collectively focussed on both of these elements."

thl Chief Executive Officer Mr Grant Webster said: "All parts of the business have growth planned for the FY14 year and are performing in line with those plans. Significantly, the approach to rectifying the Australian result is working and we remain confident in achieving an appropriate return on capital over the next 18 months."

Mr Webster also said: “We are also very pleased with the net debt position of $97M at December. Whilst a portion of the decrease against guidance is timing, we can also now confidently forecast a net debt figure for June 2014 of $95M, a drop of 40% since the New Zealand rentals merger in November 2012. This forecast net debt figure is after the payment of $5.6M to shareholders through the interim dividend to be paid in April 2014.”

Revenue for the half of $112M represented an increase of 4% on the pcp. Operating Profit before financing, joint venture earnings and tax (EBIT) of $7.2M was an increase of $1.9M on the pcp. All businesses performed in line with expectations.

ENDS

TAKE OUT COMMENT: “*thl* forecasts strong growth for FY14 and a 150% increase in dividend payout.”

NZX: THL (Tourism Holdings Limited)
FINANCIAL AND OPERATIONAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

This report has been based on the unaudited accounts which have been 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 $112.3M; Up 4%; $108.5M

Operating Profit before tax $4.8M; Up 380%; $1.0M

Less tax on operating profit $2.3M; Up 53%; $1.5M

Profit after tax attributable to members of the listed issuer $2.5M; Up 600%; $(0.5)M

Earnings per share from continuing operations cps 2.2cps up 540%; (0.5) cps

5cps dividend declared fully imputed.

Record Date : 10th April 2014 (ex date 8th April 2014)
Payment Date : 17th April 2014

OPERATIONAL COMMENTARY

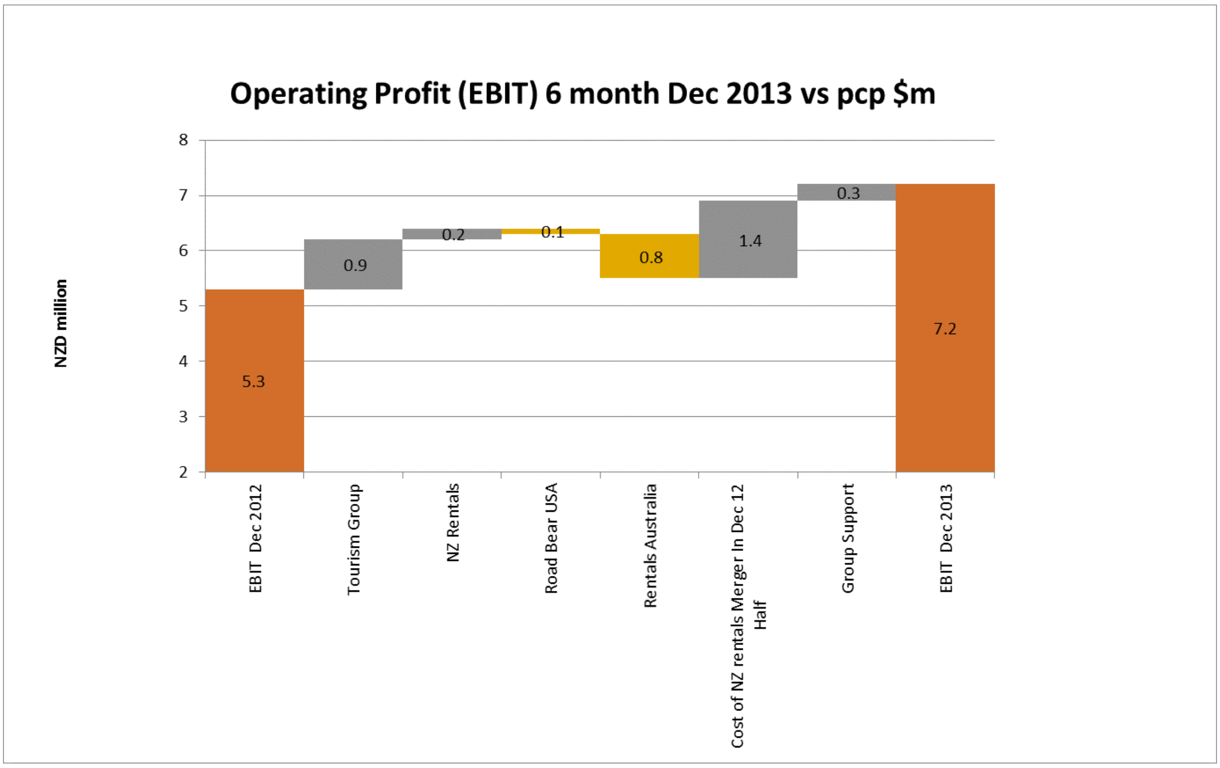
Tourism Holdings Limited Operational Review

	Six months ended 31 December 2013				Six months ended 31 December 2012			
	Turnover ($million)	Divisional EBIT ($million)	Net Assets ($million)	Operating Cashflow ($million)	Turnover ($million)	Divisional EBIT ($million)	Net Assets ($million)	Operating Cashflow ($million)
Rentals New Zealand	38.4	(2.0)	120.7	6.1	29.3	(2.2)	136.1	1.8
Rentals Australia	38.0	2.6	70.6	0.5	47.3	3.4	89.0	12.7
Rentals USA	25.6	6.3	18.7	16.8	22.9	6.4	19.9	13.9
Tourism Group	10.3	1.7	26.1	3.2	8.9	0.8	28.0	2.6
Group Support Services	-	(1.4)	9.6	(1.8)	0.1	(3.1)	12.9	(4.7)
thl 100% owned entities	112.3	7.2	245.7	24.8	108.5	5.3	285.9	26.3
RVMG - Joint Venture	-	0.7	7.7		-	(0.7)	9.2	0.2
Group Total	112.3	7.9	253.4	24.8	108.5	4.6	295.1	26.5

RVMG 50% share of NPBT

GROUP PERFORMANCE - *Better than market forecast and more growth expected*

Group Revenue for the half year to 31st December 2013 rose 4% to $112.3 million from $108.5 million and group operating profit before financing costs, joint venture earnings and tax (EBIT) increased to $7.2 million from $5.3 million. The positive results from the merger of the New Zealand rentals business and improved tourism group results were the primary drivers of the improved result. The Australian business, as previously forecast, traded down on prior year but is making outstanding progress on reducing costs and refocussing the business. The USA had strong fleet sales throughout the 2013 calendar year which limited rental revenue growth in the USA high season. The joint venture manufacturing business showed a significant turnaround in profitability.



FUTURE DIRECTION

The board have been through a rigorous review of the key business units and are confident in the planned growth in profit and level of funds employed in each. The board consider smart, low capital investments and leverage of the existing assets as critical. The dividend and profit forecast for the company clearly support this approach.

DIVISIONAL SUMMARY

NEW ZEALAND RENTALS – *Revenue up, synergies delivered*

The New Zealand rentals merger in November 2012 continues to be deemed a success. Synergy expectations remain on track and the tourism market has shown positive signs of improvement. Excess fleet as a result of the merger has been successfully exited and all synergies are now in place.

Rental revenue for the six months was up 18% on the prior corresponding period (pcp) and vehicles sales revenue was up 60%. EBIT was up 9% which takes into account the combined winter losses of the three merged entities.

Both vehicle sales and rentals have started positively in the second half and EBIT for the six months to six months to June 2014 is expected to show growth in excess of 35% over the pcp. The second half focus is operational with maximum utilisation across the peak summer months and an expectation that year on year revenue growth will be sustained through to Easter.

UNITED STATES RENTALS – *Demand well up, more fleet required*

Rental revenue grew 2% within the Road Bear business. Further growth in rentals revenue was limited by reduced capacity at the rental peak as we took advantage of strong vehicle sales demand at the end of the last financial year. The 262 units sold for the half represented an increase of 14% on the pcp. EBIT was down 2% primarily due to peak fleet being down 5% on the prior year. Return on average net Funds Employed for the six months was 27%.

The increase in vehicle sales provides a more flexible and profitable model for the business. Peak rental fleet is expected to grow 5% in the 2015 calendar high season.

AUSTRALIAN RENTALS – *Revenue down but costs down, funds out*

Rental revenue for the Australian business fell 18% for the half year and vehicle sales revenue fell 24% in NZD which includes the exchange rate impact of the appreciation of the NZD vs AUD. In AUD terms rental revenue was down 8% and vehicle sales revenue down 15%. Fleet operating costs were reduced in line with revenue.

The drop in rental revenue was expected given the market conditions and as a result the focus has continued to be on cash generation. Action taken resulted in funds employed in the Australian business reducing 21% from $89.0 million to $70.6 million compared to December 2012.

Vehicles sales slowed in the first quarter during the Australian election. Results subsequent to that have been in line with our planned fleet rotation.

The commitments made at the Annual Meeting to achieve a proper return on investment in FY15 are on track. Key changes to management and ongoing operating cost reductions have created significant momentum towards a 14% Return on net Funds Employed.

TOURISM BUSINESSES – *Profit up and continuing revenue growth*

Fleet operating changes in Kiwi Experience and ongoing growth from multiple markets to Waitomo have resulted in a 16% increase in revenue for the half year and a 113% increase in EBIT to $1.7 million.

The operating leverage in this business is significant and with New Zealand tourism recording record visitation levels we have expectations for ongoing growth in this part of the business.

The current high season has been positive to date and, as with New Zealand rentals, there are indications the season will run longer than normal. This will provide strong second half growth.

JOINT VENTURE MANUFACTURING (RV Manufacturing Group) – *Profit turnaround, on track*

thl's share of earnings increased to a profit of $0.7 million compared to a loss of $(0.7) million in the pcp. In line with the commitments made to shareholders at the Annual Meeting RVMG has turned around the business and is very aware of ***thl***'s expectations of the business.

This significant turnaround reflects an unwavering focus to deliver within a cost down, production up, stable environment.

The joint venture business has expectations of returning cash to ***thl*** over the coming years and continues to benchmark pricing and product quality against key manufacturing alternatives around the world. On this basis ***thl*** remains a supportive joint venture partner.

FINANCIAL POSITION AND CAPITAL EXPENDITURE

thl's balance sheet is stronger than expected. Net debt stands at $97 million at December 2013, down $13 million (12%) on the market forecast. Timing differences in fleet sales and capital expenditure account for approximately $8.0 million of this difference with the remaining $5.0 million considered permanent.

Net Debt is now expected to be $95 million at June 30th 2014. This will represent a $25 million reduction in net debt over the 12 month period.

DIVIDEND

The 5 cents per share fully imputed interim dividend should be considered in context of the full year NPAT expectation of $10.5 million. The company is committing to continuing reduction in debt, an ongoing elimination of sub-par capital investment and EBIT growth in all business units. As a result we have the confidence to provide a dividend pay-out ratio at or around NPAT in 2014. Whilst this doesn't reflect a change in dividend policy for the company the current conditions warrant this pay-out. The April 2014 dividend utilises the remaining imputation credits. The tax losses currently held in New Zealand are expected to be utilised in full during FY15.

CORPORATE GOVERNANCE

The board has undergone a significant change over the past two years and is in the final stages of positioning itself with the desired skills and experience to continue the strong growth seen in recent times.

The board recently resolved to appoint Christina Domecq to the board effective February 1st, 2014.

The board has also created a new sub-committee focussed on marketing and customer experience recognising the strategic importance of these functions to the future of the business. Christina Domecq and Kay Howe are the appointed members of this sub-committee.

OUTLOOK

The FY14 NPAT is forecast at $10.5 million.

New Zealand rentals is in the middle of a busy high season and in line with our growth expectations. Australia has a more stable forward book and is on track with further cost reductions, the USA high season forward book is strong and the tourism businesses high season is on track.

The 175% expected increase in NPAT over FY13 reflects the recent actions undertaken and a positive operating leverage within ***thl***.

The board are very positive given the turnaround of the business and whilst remaining tight on capital expenditure will commence development of the next growth strategies over the coming months to enable continued growth in NPAT, Return on net Funds Employed and dividends paid in FY15.

ENDS

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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 and Britz USA brands. 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.*