Tourism Holdings Limited
The Beach House
Level 1, 83 Beach Road
Auckland City
PO Box 4293, Shortland Street
Auckland 1140, New Zealand

Tel: +64 9 336 4299
Fax: +64 9 309 9269
www.thlonline.com

27 August 2015

MEDIA | NZX RELEASE
TOURISM HOLDINGS LIMITED (*thl*)
FINANCIAL RESULTS FOR THE YEAR TO 30 JUNE 2015

thl NPAT up 81% at $20.1 million, company positions for revenue growth.

HIGHLIGHTS:

- Revenue of $237 million, up 4% compared to the prior corresponding period (pcp)
- Net Profit After Tax (NPAT) of $20.1 million, up 81% on prior year
- Operating Profit Before Financing Costs and Tax (1) (EBIT) of $32 million, up 42% on prior year
- Net debt reduced to $69 million (2), from $79 million in the pcp
- Final dividend of 8 cents per share (cps) declared (partially imputed), making total for year of 15 cps (partially imputed), up from 11 cps in prior year, up 36% on prior year
- All operating groups improved profitability in FY15
- Strategic review of capital structure announced with a focus on growth.

Chairman, Mr Rob Campbell, said, "This year represents a turning point for ***thl***. We have delivered the basics and the focus on delivering returns to shareholders has been well established. The Company will continue to grow returns and now focus on revenue growth."

"We are in a positive economic environment for tourism. It is imperative that we maximise this opportunity, get aggressive about growth and scale this business internationally."

Earlier this month, the Company announced that the strategic review of the capital structure conducted by First NZ Capital had been completed.

Mr Campbell said, "We are confident we have a strong and conservative balance sheet. We have announced a new dividend policy and we will target smart value accretive acquisitions on either an international or domestic basis."

"We can see the potential for the existing business to achieve over $30 million NPAT within four years, **before** we account for acquisition growth. We will also target consistency in dividends and ensure we create sustainability in the business model."

Chief Executive Officer, Mr Grant Webster, said, "We have proven our success in leveraging the operating costs in the business to deliver a record profit. We have also grown our capability as an organisation so we can deliver on the next stage of growth."

"We have created the opportunity for us to invest in new initiatives, grow profit and dividends. The crew are highly engaged and ready for the next step."

A final dividend of 8 cps, partially imputed (to 50%), was also declared, taking the total dividend to 15cps for the year.

The Company has not given any guidance for the full FY16 year, although expects ongoing growth in all businesses. An update on the full year expectations will be provided at the Annual Meeting, when we will have greater clarity on the New Zealand high season and completion of the USA high season.

(1) EBIT excludes joint venture and associates earnings
(2) In addition to net debt in FY15, there is a $13.6 million commitment against a letter of credit facility in favour of Action Manufacturing LP (formerly RVMG) for work in progress fleet purchases (FY14 $5.7 million).

ENDS

TAKE OUT COMMENT: "*thl* profit up 81% with a focus on growth."

NZX: *thl*
FINANCIAL AND OPERATIONAL RESULTS FOR THE YEAR TO 30 JUNE 2015

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

	FY15	**FY14**	**% Change**
Total operating revenue	$237M	$228M	4%
Operating profit before tax	$29.8M	$18.2M	64%
Less tax on operating profit	$9.8M	$7.0M	38%
Profit after tax	$20.1M	$11.1M	81%
Profit after tax attributable to members of the listed issuer	$20.1M	$11.1M	81%
Earnings per share	17.9 cps	10.0 cps	79%
Final dividend declared – partially imputed (to 50%)	8.0 cps	6.0 cps	33%

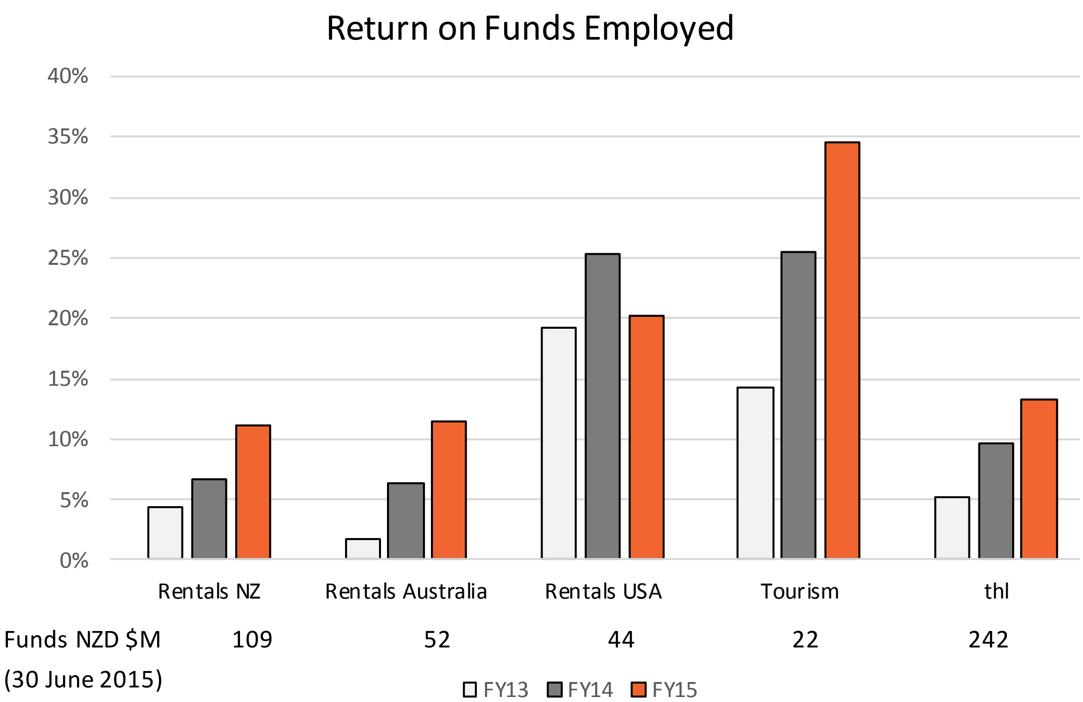
DIVIDEND
Record Date : 8 October 2015 (ex-dividend date 6 October 2015)
Payment Date : 15 October 2015

GROUP PERFORMANCE

Group Net Profit Before Tax (NPBT, including joint venture and associates equity earnings) of $29.8 million increased by 64% over the pcp. As indicated below, all businesses showed increases in profitability.

Group net debt dropped to $69 million from $79 million in the pcp. Improved earnings, repayment of loans from the manufacturing joint venture and the sale of the Hamilton building were the primary contributors to debt reduction.

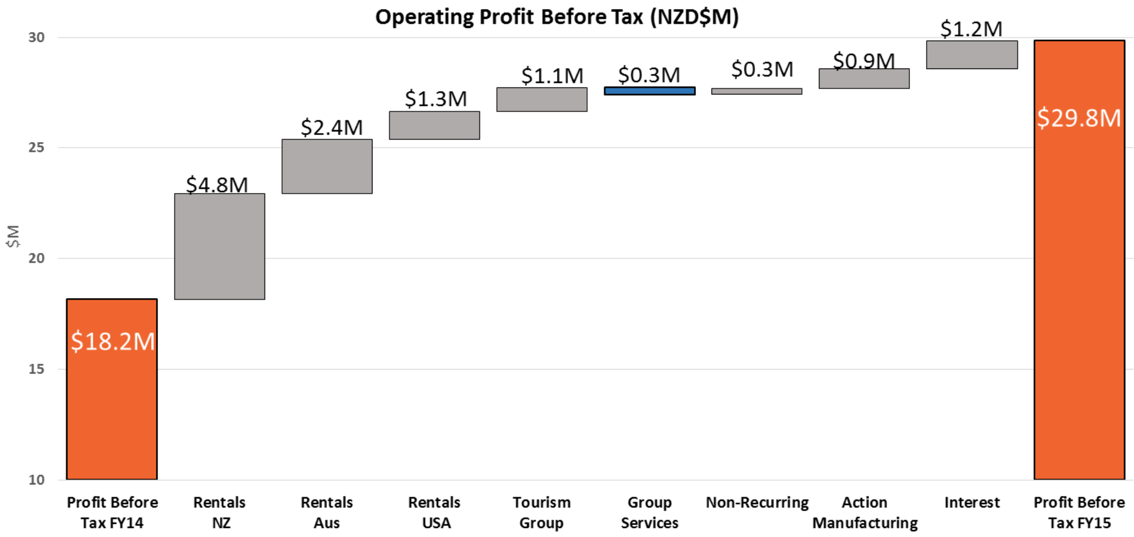
The funds employed and Return on Funds Employed (ROFE) were as follows:



Improvements have been driven primarily by changes in the underlying business model and efficiencies in fleet management, and controls on operating costs.

The core drivers for the results improvements by business are as follows:

Business Unit	**Core Results Drivers**
Rentals NZ	Cost savings from lower fleet and improved fleet sales prices
Rentals Australia	Improved internal management, fleet costs down and better utilisation
Rentals USA	Improved shoulder season utilisation and larger fleet size
Tourism Group	Improved visitation and revenue
Joint Venture Manufacturing	Sale of a small investment and first-half gains in cost reductions
Group	Lower interest costs, with lower debt levels



Currency Impact

The movement in the New Zealand dollar (NZD) had some impact in the translation of earnings and debt. All overseas businesses have associated debt in the local currency, which partially hedges the currency movement impact on net assets. In total, the exchange rate did not have a material impact on the translation of earnings, however there was an impact on the year balance sheet and reported net debt, which was approximately $4 million higher due to movement in the exchange rates at year end. The year end exchange rates used for balance sheet translation were NZD:AUD 0.9048 (0.9450 last year) and NZD:USD 0.6983 (0.8966 last year).

Non Recurring Items

The following events occurred during the year which are considered non-recurring in nature for the business. The combined impact is considered immaterial to the total ***thl*** result.

In December 2012, with the "Project Alpine" merger, the vendors of United and Kea Motorhomes were paid in shares and cash with an amount classified in the accounts as a loan under deferred consideration. The deferred consideration for United (Hauraki) was paid out in full in the first half of the year. The Kea deferred consideration agreement was closed out during the year with no further payment required. The completion of the Kea deferred consideration created a one-off benefit of $1.7 million to the P&L.

The Hamilton building was sold in the second half for $5.5 million. The loss on sale was $1.5 million.

STRATEGIC REVIEW OUTLOOK

Earlier this year the Board announced the commencement of a review of the capital structure of the company. The results of the review have been published and the actions are in progress.

BUSINESS UNIT SUMMARY

All operating groups within ***thl*** had growth in profitability in the last financial year. All business units, apart from Rentals USA, improved ROFE. The USA ROFE remains over 20% and was lower than last year due to an increase in fleet which will benefit returns in FY16. Each business in ***thl*** is at a different stage of its development, capital requirements and market conditions.

We continue to assess the capital deployment for the business based on the ROFE, the opportunity for growth and appropriate diversification.

RENTALS NEW ZEALAND

The Rentals New Zealand business improved EBIT by 64% over the prior corresponding period to $12.3 million ($14.0 million including the one-off gain on deferred consideration). The ROFE of 11.2% was significantly improved on the prior year and aligned with the plan to achieve an acceptable return in FY16.

The growth forecast for the business is expected to see higher EBIT, EBIT margin and ROFE. The new initiatives in the business, from a flexible fleet (the definition of which is discussed later in the release) perspective will ensure the capital employed in this business remains relatively static beyond FY16 on an annualised basis, although the total funds will have a higher peak in December.

The vehicle sales market remains positive. With the reduction in new fleet build since the merger in 2012, we can have some confidence in vehicle sale values and volumes over the coming years, as we simply have less ex-rental fleet to sell. We will maximise this opportunity with the creation of the flexible fleet options. New fleet build costs continue to reduce in the business, providing a positive long term outlook.

This year the business will improve returns, improve revenue and deliver a deeper customer experience.

RENTALS AUSTRALIA

The Rentals Australia business improved EBIT from $3.7 million in FY14 to $6.1 million this year, an increase of 65%.

The ROFE was slightly below target for the year at 11.6%, due primarily to lower vehicle sales. The flood of 4WD vehicles from the downturn in the mining industry affected our 4WD sales significantly. In addition, we were priced too high in some products for a quarter, losing some sales.

Revenue declined 3% for the year in Australian dollar terms, as planned, reflective of the lower fleet number and lower vehicle sales.

The cost control within the business and changes to the business model have been implemented and have provided a base for growth in revenue, which is now the primary focus.

Funds employed in the business have been better managed and we will continue to keep a tight control on capital expenditure and fleet size.

In June we commissioned the first leased 4WD fleet, which will be decommissioned and returned to the lease company within six months. This move positions the business to reduce capital, at the same time as increasing total utilisation for the business.

The Australian business now has a cost base and core capability to continue to build from. With the broader new initiatives in place for the business, we expect EBIT growth over the coming three years.

RENTALS USA

The United States business had another year of double digit growth. EBIT improved by 17% to $8.9 million in FY15 on a NZD basis.

The ROFE of 20.1% dropped from 25.4% the prior year. This reflects both the currency impact on the year end funds and the increased fleet which benefits the profit performance in the 2016 year.

The 2015 USA summer season is nearing completion and provides confidence that we will again see growth in the business in FY16.

Utilisation of fleet increased in FY15 with a strong shoulder season, which resulted in record April and May trading results for the Road Bear business. Combined with a positive high season, the annual utilisation was also the highest on record, reflecting both positive market conditions and the excellent reputation Road Bear holds in the market.

During the year, our USA CEO Daniel Schneider moved back to Switzerland with his family after over 20 years in the USA. Hannes Rosskopf has been successfully leading the business this year.

In May we announced the opening of another new branch. The Seattle location will provide the opportunity for rental customers to visit Canada as part of their holiday. The location will also provide greater access to our wholesale vehicle sales dealer network in the region. The move has been very positively received from our European tour operators.

The business model and niche position in the USA remains successful. In the next financial year we will focus the business on maintaining a ROFE above 20%, whilst continuing to grow fleet and EBIT.

TOURISM GROUP

EBIT increased from $6.6 million in FY14 to $7.7 million in FY15. Visitation growth was strong and exceeded the total international visitor arrivals increase.

The ROFE for the operating group was 35%.

Kiwi Experience completed the introduction of the new leased fleet (all large coaches are now 2014 age or newer).

The Waitomo business continues to target growth from the Asian markets and is growing share from the USA market. We continue to explore new product development options within the area.

These businesses have the capability to scale to meet demand. With little capital expenditure, the business can sustain the levels of growth we have seen in the last two years.

JOINT VENTURE MANUFACTURING (Action Manufacturing Group)

During the year, RV Manufacturing was renamed as Action Manufacturing.

The ***thl*** share of profit of $2.0 million after interest and before tax was up 87% on the previous year. This result, as indicated earlier, included the sale of a minority shareholding in another manufacturing company. The FY16 result is expected to be more aligned with the FY14 result, as the improved profits are redistributed to ***thl*** in the form of lower priced products.

Action Manufacturing also paid back debt to ***thl*** during the FY15 year totalling $4.0 million.

The business has a focus on growth, both in new product development for the motorhome industry and in the international emergency service vehicle market. Action Manufacturing has recently been approved for an NZTE International Growth Fund Grant to extend the export market of this product to the northern hemisphere.

NEW INITIATIVES

The business has been assessing new initiatives in the existing business to grow revenue and improve ROFE.

Internally the business is preparing for the launch of a range of new technologies and initiatives.

We are targeting new customers and more revenue through the use of technology to engage a new customer experience. Within the existing business we have commenced the following new projects:

<u>Total Customer Experience Project</u>

We are in the process of launching a new customer engagement process from the first time a customer engages with ***thl*** in person or in a digital format to well after they have finished their holiday with us somewhere in the world.

This project is initially being delivered in New Zealand and Australia.

In practical terms, we have created new websites, new customer messaging during the booking process, new technology at pick-up, in-vehicle tablets with a range of new capabilities and new front and back of house processes and functionality for our team.

We have a more efficient, engaging and targeted experience. The changes will roll out over the coming weeks throughout the business.

The capital requirements for this project have been minimal, with in-house development resource providing the majority of the technology changes.

Flex Fleet Options

The business is very aware of the fixed capital intensity of the current model, especially for New Zealand and Australia. Through fleet capacity reductions and new logistics capability, we have increased utilisation in Australia to acceptable levels. New Zealand, however, has always had the issue of the winter low season impact on utilisation.

"Flex Fleet" is the term we are using for fleet that comes into the business for a period of less than 12 months, which is used for high season revenue opportunities only and is then sold in some form. Flex fleet is the opportunity in the New Zealand and Australian markets to find fleet options that can fit the high utilisation periods and be removed from the business for the off season.

The 4WD lease product in Australia is the first example.

Within New Zealand, we have purchased fleet from the Just Go business in the UK to operate for a number of weeks in New Zealand and then resell into the New Zealand market. The vehicle sales market for European imported motorhomes has been growing over time. ***thl*** has not engaged in this market in the past, due to the desire to sell its own product range only. This is an opportunity to grow our market share and meet the current strong demand for sales in New Zealand which we will not be able to fulfil with only ex-***thl*** rental fleet.

The Just Go vehicles were tested from a sales perspective over the 2014/15 summer period, with pricing and demand as expected.

There will be two additional products trialled this summer within the New Zealand business, with the same intention of enabling fleet that can be used for summer, with little or no capital requirements for the winter period.

Telematics

We have commenced a trial of telematics units in-vehicle within the Australian business. Traditionally telematics have worked very effectively for fleet operators who have control over the drivers of the vehicles and the fuel efficiency of the vehicles is a critical component within the business model. In our case, the customer pays for the fuel. The opportunity we see is to be able to gamify the experience for the customer to reward positive driving behaviours, whilst also being able to monitor customer driving habits and vehicle dynamics.

The return on investment for this product will be in improving the life of the vehicles themselves, more proactive management of the vehicles and customer experience, and improvements in general fleet operating costs.

The trial is underway with approximately 60% of the fleet having the units installed. A full rollout is expected to occur in 2016.

TEAM AT *thl*

We are very fortunate to have people in the business who are focused on delivering great experiences for our customers, no matter how they interact with us.

This year we are providing the crew who interact most with our customers more tools, technology and development to enable them to improve how we deliver to customers. We have also extended the LEAN disciplines already in place in our manufacturing joint venture to the New Zealand rentals business. We will continue to invest in these disciplines.

From a leadership perspective, we are also enhancing the resources allocated to enable growth. At the start of the 2015 financial year we created the new position of Chief Technology Officer. This year, we commence the financial year having appointed Dave Simmons (an experienced and entrepreneurial tourism executive) to the role of Chief Operating Officer - New Business Development; and we are in the process of recruiting a Chief Operating Officer for the current rentals and tourism businesses we own.

OUTLOOK

Confidence within the tourism industry is generally high on a global basis. Our view is that airlines are in a positive position with capacity growing on a global basis and, despite some global economic concerns, there is still a growing middle class which is commencing international travel. Globally we have seen a strong early booking trend for the coming summer, as customers are becoming more aware of high season capacity constraints in some markets.

The USA high season, which is nearing completion, has been strong and we have had full capacity. We increased rental fleet by 14% on last year. Vehicle sales remain strong. Australia's northern high season has performed slightly above last year and the forward bookings for the summer season are up on last year. New Zealand remains very strong from a demand perspective. Forward bookings remain strong and the vehicle sales market is also growing at similar rates to the last two years.

thl profit outlook for the 2016 financial year is for growth, albeit at a significantly lower rate than the last year's 81%. We are investing in new capability in the business and see group support service overheads increasing by approximately $3 million to facilitate the new capability, growth initiative trials and external consultancy costs. We are confident now is the right time for this increased expenditure, as we position for global growth over the coming three years.

We expect to provide greater guidance for the full year profit expectations at the Annual Meeting in November, along with a dividend expectation for the year which will align with the new dividend policy.

FINANCIAL POSITION AND CAPITAL EXPENDITURE

thl considers the balance sheet is in a strong position and has flexibility for growth. Net debt finished the year at $69 million.

thl uses benchmark ratios consistent with a Baa/BBB credit rating used by the recognised international credit agencies to assess the performance of the business and determine the degree of flexibility in the balance sheet.

As part of the strategic review, First NZ Capital completed a stress test of the balance sheet under a number of scenarios.

The Board have determined that it is in the best interests of all shareholders and the Company to focus on growth initiatives through acquisition, as well as internal performance improvement.

The Board is conscious of the need to continue to remove the historical volatility in ROFE. Growth acquisitions will be value accretive.

During the year fleet vehicle sales generated $62 million, and non-fleet and accessory sales generated $8 million. Capital expenditure was $92 million.

Total net CAPEX over the coming year for the current operating businesses is expected to be in the range of $30 million to $40 million.

The banking facilities for the business will be reviewed and extended in the first half of the FY16 year.

DIVIDEND

The Board has resolved to declare an 8 cents per share dividend, partially imputed (to 50%). This takes the dividend to 15 cents per share for the year.

As announced, we will continue to look to distribute between 75% and 90% of NPAT in dividends. Given that the New Zealand based businesses contribute approximately 50% of the EBIT of the Company, we expect the imputation credits for the dividends to also remain at close to 50%.

Based on the intentions of the business today, we are confident we can sustain this payout ratio and continue to invest for growth.

CORPORATE GOVERNANCE

During the year, Graeme Bowker resigned from the Board and Gráinne Troute joined the Board. A Board of five or six, including at least three independent directors, is considered appropriate for this Company in its current state.

At the Annual Meeting, Rob Campbell and David Neidhart will be retiring by rotation and are both standing for re-election. Gráinne Troute, having been appointed during the year, will also be standing for re-election.

ENDS

Authorised by:

Rob Campbell
Chairman, Tourism Holdings Limited

For further information contact:

Grant Webster
thl Chief Executive
Direct Dial: +64 9 336 4255
Mobile: +64 21 449 210

Mark Davis
thl Chief Financial Officer
Direct Dial: +64 9 336 4212
Mobile: +64 27 444 0199

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

thl is a global tourism operator. 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, , now Action Manufacturing LP, New Zealand's largest motorhome and specialist vehicle manufacturer. Action Manufacturing LP has operations both in Auckland and Hamilton. In February 2015, ***thl*** acquired 49% of Just Go Motorhome Rentals & Sales, based in the UK.