

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



3 September 2012

**Tourism Holdings Limited
NZX & Media Release**

**thl TO MERGE ITS NEW ZEALAND RENTALS BUSINESS WITH
KEA CAMPERS AND UNITED CAMPERVANS;
CREATES STRONG NEW ZEALAND TOURISM ADVOCATE**

Highlights:

- **\$69.5m merger of thl's New Zealand rentals business with two high-quality New Zealand tourism businesses: United Campervans and KEA Campers**
- **Positive highly-deliverable financial benefits:**
 - **Accretive to cash flow per share (CPS) and earnings per share (EPS) in the first year excluding acquisition and implementation costs and substantially in the second year on synergies alone**
 - **Sound post-acquisition capital structure; \$19m of acquisition and \$22m of existing debt repaid in the eight months to 30 June 2013**
- **Optimises thl's highly-competitive international sales and service infrastructure**
- **Creates strong advocate for New Zealand tourism in high value European and UK markets**
- **Logical, strategic and the best response to industry dynamics**
- **Kay Howe (United Principal) proposed to join the thl board**
- **Grant Brady (KEA Principal) will continue as Managing Director and 50% shareholder of RV Manufacturing Group LP (RVMG) joint venture and proposed to lead thl's NZ vehicle sales division.**

Leading New Zealand tourism operator **thl** today announced a \$69.5m transaction to merge the New Zealand rentals business with KEA Campers and United Campervans.

The transaction, which is subject to the approval of a simple majority (50%) of **thl** shareholders and bank finance, will lift **thl's** assets to nearly \$350m.

The consideration paid to KEA Campers and United Campervans includes refinancing of \$50.9m debt, the issue of 12m **thl** shares at \$0.619 per share and cash of \$3.2m. A deferred payment of up to \$8.0m is contingent on vehicle selling prices meeting expectations.

Maui
Britz
Mighty
Motek
KEA Australia
Road Bear RV Rentals & Sales
Kiwi Experience
The Legendary Black Water Rafting Co.
Waitomo Glowworm Caves
Ruakuri Cave
Aranui Cave



thl Chairman Keith Smith said: “This merger is logical, strategic and the best response to the challenging realities of the current New Zealand market.”

“**thl** is the industry player that already has the scale to market New Zealand tourism and New Zealand campervan vacations to a broad international audience and therefore the best placed to make the most of the additional brands”.

The merger is also highly value accretive for **thl** shareholders. In the year to 30 June 2013 following the merger, **thl** forecasts its operating profit (earnings before interest and tax) to rise to \$19.3m from \$16.3m in FY2012. This includes acquisition and implementation costs of \$1.7m. After-tax earnings per share rise to 6.1 cents from 4.6 cents for continuing businesses.

In the year to 30 June 2014, the first full year following the merger, operating earnings are forecast to rise to \$28.8m, while after-tax earnings per share are forecast to rise to 13.3 cents per share, more than twice the level of FY2013.

thl will retain its strong balance sheet. Gearing as measured by interest bearing debt to debt plus equity falls from 50% post the merger to 42% in the first year and 39% in the second year as a planned fleet reduction programme progresses. This level of gearing is well within **thl's** debt carrying capacity.

In addition the deferred consideration of \$8.0m is linked to the realisation prices of campervan assets and is designed to protect the value to **thl** shareholders.

As a result of the merger debt reduction of \$19m is expected to be released in the first eight months following the merger. This is in addition to \$22m of debt reduction already forecast by **thl** to be released.

thl Group Chief Executive Grant Webster said: “the merger is an appropriate response to the challenging macro-economic factors facing New Zealand tourism and the campervan industry”.

“Following the merger, the volume of campervans that we sell is targeted to remain at the same level at which the merger partners have sold vehicles over the last two years.” Mr Webster said.

It is proposed, following the merger, that United Campervans principal Kay Howe will join the **thl** board, initially as an Executive Director to assist with the integration. KEA Campers principal Grant Brady who is a 50% shareholder in RVMG will continue to lead the RVMG campervan manufacturing business. It is also proposed that he will lead **thl's** New Zealand vehicle sales operations, two critical components to the rentals business model.

Ms Howe and Mr Brady post completion will each represent circa 5% of the ordinary shares in **thl**. These shares will remain in escrow for six months. They will be eligible for release periodically over the subsequent 12 months.

Kay Howe said: “I am delighted to have the chance to join the **thl** board at such a critical point in its history. **thl**, combined with United and KEA, has a great future and will be a powerful



advocate for New Zealand tourism particularly in high-value international markets such as the United Kingdom and Europe .”

Grant Brady said: “I am looking forward to the opportunity to focus on my core capabilities of vehicle construction management at the RVMG manufacturing operations and leading the New Zealand vehicle sales business. KEA has grown to the point where it fits comfortably and can prosper within the **thl** stable. KEA, United and **thl** have a great future together.”

As the transaction represents more than 50% of **thl's** current market capitalisation, it will be subject to the approval of a simple majority of shareholders at a special meeting to be held in Auckland during October.

thl has commissioned Cameron Partners Limited to complete an independent report for shareholders on the merits of the proposal. Cameron Partners’ report and a Notice of a Special Meeting will be sent to shareholders during September. The merger is scheduled for completion on 31st October, 2012.

An investor presentation is available on the **thl's** website – www.thlonline.com

Authorised by:

A handwritten signature in blue ink, appearing to read 'Keith Smith', is positioned above the printed name.

Keith Smith
Chairman
Tourism Holdings Limited

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

Ian Lewington
thl Chief Financial Officer
Direct Dial: +64 9 336 4212
Mobile: +64 21 952 254

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 under the Maui, Britz, Mighty, KEA Australia and Motek Vehicle Sales brands. In the USA we own and operate the Road Bear RV Rentals & 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 campervan and specialist vehicle manufacturer based in Auckland and Hamilton.