thl's NZ RENTALS BUSINESS, KEA CAMPERS AND UNITED CAMPERVANS MERGER

TRANSFORMATION OF THE NEW ZEALAND RENTAL MOTORHOME INDUSTRY

September 3, 2012

DISCLAIMER

The information contained in this presentation has been prepared in good faith by ***thl***. No representation or warranty, express or implied, is made as to the accuracy, adequacy or reliability of any statements, estimates, forecasts or opinions or other information contained in this presentation. Estimates and forecasts are by their nature uncertain and may change without notice. To the maximum extent permitted by law, ***thl***, its directors, employees and agents disclaim all liability and responsibility (including without limitation any liability arising from fault or negligence on the part of ***thl***, its directors, employees and agents) for any direct or indirect loss or damage which may be suffered by any recipient through use of or reliance on anything contained in, or omitted from, this presentation. This presentation is not an offer of shares for subscription, or sale, in any jurisdiction, nor is it a prospectus or investment statement for the purposes of the Securities Act 1978.

AGENDA

- Transaction overview
- Business overview
- Strategic rationale
- Transaction details
- Financial and shareholder implications
- Conclusions
- Questions

“This merger is logical, strategic and the best response to the challenging realities of the current New Zealand market.”

thl **Chairman, Keith Smith**

TRANSACTION OVERVIEW

Purchase Price	• Merger of ***thl***'s NZ rentals business with two high-quality NZ tourism businesses: KEA & United • Combined Enterprise Value of KEA and United: $69.5m
Deal Structure	• Purchase consideration includes $8.0m (12%) of deferred contingent consideration and $7.4m (11%) in ***thl*** shares, remainder cash (debt) • Structured as an acquisition of business assets • Break fees if ***thl*** doesn't complete of up to $250k
Key Conditions	• Shareholder approval (simple majority) • Bank finance
Strategic Rationale	• Logical, strategic and the best response to industry dynamics • Transforms the NZ rentals businesses prospects

TRANSACTION BENEFITS

- CPS
  EPS
  DPS

  accretive in first year (normalised for acquisition and implementation costs) and substantially in second year

- Significant and highly-deliverable synergies
- Fast reduction in acquisition debt - $18m in first 8 months plus $1m of deferred consideration
- Strong industry expertise retained
- Increased capacity utilisation and EBIT per vehicle
- Leverages ***thl***'s infrastructure
- Potential for enhanced dividend
- $32m of positive EVA for existing shareholders - $0.33 per share

Best alternative for the NZ business:

delivers enhanced returns and increases shareholder value

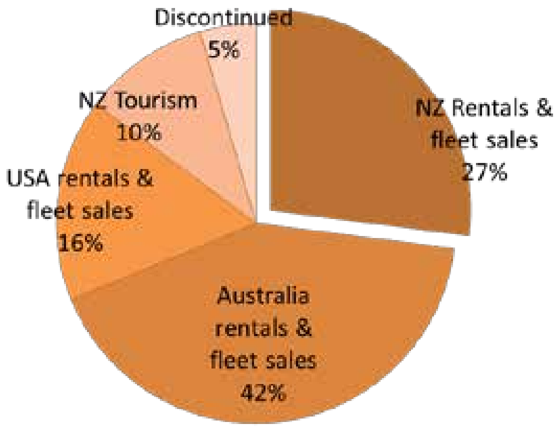
thl GROUP STATUS

New Zealand	**PROPOSED TRANSFORMATIONAL MERGER**
Australia	Fleet reducing, EBIT improvement forecast
USA	Performing well, growth prospects
Tourism	Stable returns, static expectations
RVMG LP	Transaction complete Small positive NPBT projected
Group	Transaction costs in FY13 Underlying cost structure stable

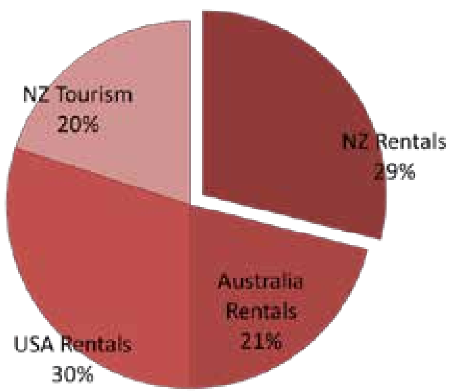
BUSINESS OVERVIEW – *thl*:

thl before merger FY12

thl divisional revenue

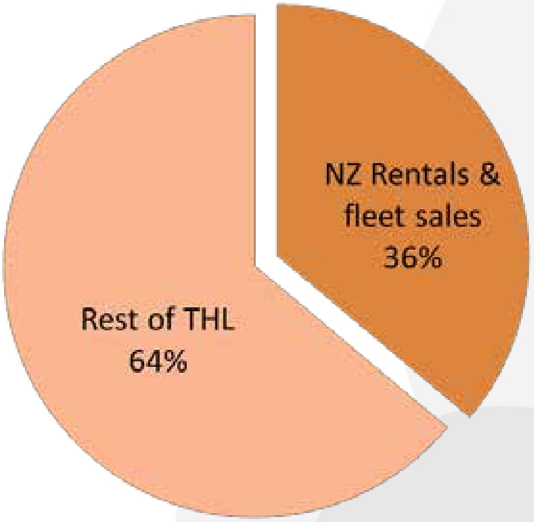


thl divisional EBIT before corporate costs

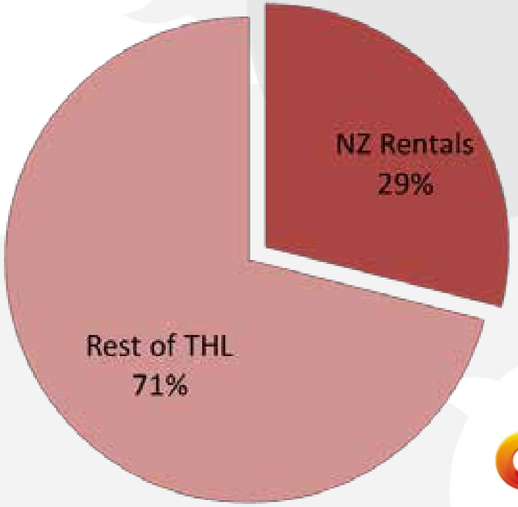


thl after merger FY14

thl divisional revenue



thl divisional EBIT before corporate costs



Before = FY12 including Rugby World Cup benefit to rentals NZ
After = FY14 Forecasts

BUSINESS OVERVIEW – KEA

- Luxury brand
- 17 years heritage
- Strong vehicle sales brand
- Strong Germanic Europe presence
- Superb Quality Vehicles

"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."

Grant Brady

BUSINESS OVERVIEW – UNITED

- Kay is an industry pioneer
- Strong industry relationships
- NZ focus
- Multi-brands to fit different segments
- Strong presence in Holland and France

“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 “.

Kay Howe

STRATEGIC RATIONALE

New Zealand Motorhome Industry Situation and Outlook

- Reduced spend and demand by traditional European customer base
- Industry fleet sizes have not been adjusted to reflect demand changes

	2009	2011	Change
Total international visitor spend in NZ ($m)	6,187	5,763	-7%
Total visitor spend from origins key to campervan market			
Australia ($m)	1,776	1,639	-8%
Germany ($m)	293	261	-11%
United Kingdom ($m)	812	670	-17%
Weighted total spend from origins key to campervan market[1]	1,011	899	-11%
Vehicles in NZ campervan market			
Estimated number of units	5,480	5,770	5%

Industry fleet size needs to reduce by circa 25%

Source: MED Tourism Forecasts, THL estimates
Note 1: Weighting based on 2009 campervan revenue by origin

STRATEGIC RATIONALE

Strategic Response

Status Quo

Low returns, excess capacity in New Zealand

Drivers for strategic change

- Supply side response required to resolve low utilisation rates
- *thl* has substantial operating capacity
- Significant potential for synergies due to economies of scale
- Managed fleet reduction to meet demand

MERGER of NZ rentals businesses

TRANSACTION DETAILS

The Combined NZ Rental Businesses as of now

	thl	KEA	UNITED CAMPERVANS	Combined NZ Group
NZ Revenues	$55m	$40m		$95m
Fleet Size (approx.)	1,500	1,000		2,500
Average Fleet Age (approx.)	4.0yrs	1.5yrs	3.5yrs	3.5yrs
NZ Rental Locations	AKL, CHC, ZQN	AKL, CHC	AKL, CHC	AKL, CHC, ZQN
Brands	Multiple brands	Single brand	2 brands	Multiple brands

TRANSACTION DETAILS

Acquisition Cost and Composition

- The purchase price, excluding the deferred contingent consideration, equals 80% of net operating assets.

($m)	
Fleet[1]	74.8
Other Fixed Assets	2.1
Other Assets	-
Total Net Operating Assets	76.9
less Discount to Net Operating Assets	(7.4)
Purchase price (including Deferred Contingent Consideration)	69.5
No. of vehicles acquired	998
Average age of fleet (years)	2.6
Purchase price / No. of Vehicles ($000's)	69.6
Purchase price / Net Operating Assets	90%
Purchase Price less Deferred Contingent Consideration / Net Operating Assets	80%

Notes

1. Fleet values have been normalised to set accounting depreciation equal to economic depreciation.
2. Transaction costs are estimated at $1.2m and will be funded out of cash reserves

TRANSACTION DETAILS

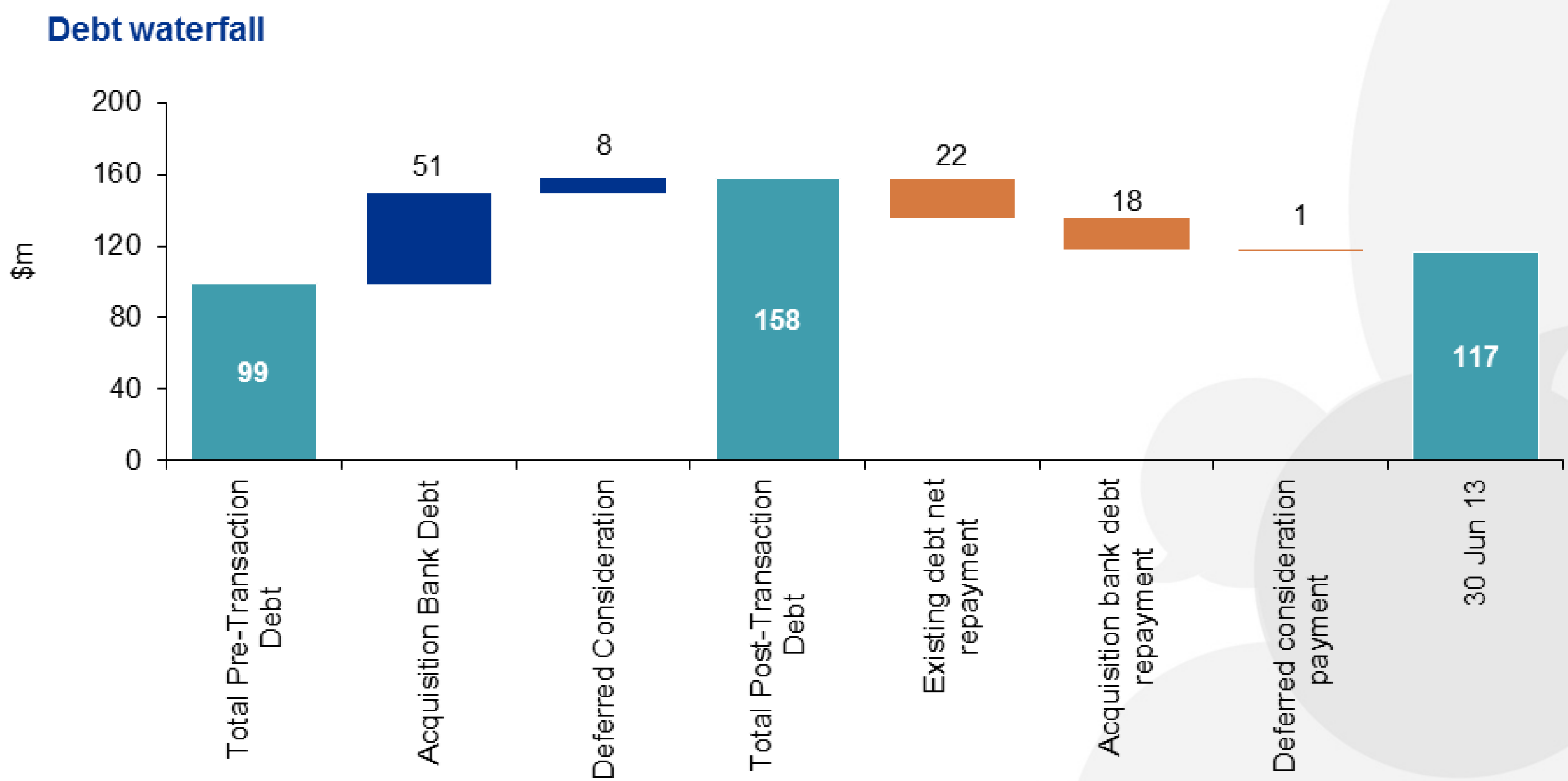
Acquisition Financing

- 12.0m ***thl*** shares issued at 6 month VWAP of 61.9 cents per share
- Deferred contingent consideration of $8.0m (12% of agreed value)
  - mitigates fleet disposal risk
- $54.1m (funded $50.9m debt and $3.2m cash reserves) paid to vendors of which $50.9m is to be applied to retire vendor debt obligations

THL shares	$7.4m	*11%*
	+	
Deferred contingent consideration	$8.0m	*12%*
	+	
THL cash reserves	$3.2m	*4%*
	+	
Bank debt	$50.9m	*75%*
	$69.5m	*100%*
Deal costs	$1.2m	
	$70.7m	

TRANSACTION DETAILS

Debt Reduction



$41m reduction in debt from completion to June 2013

TRANSACTION DETAILS

Synergies

- Third party review of synergies has been undertaken to confirm deliverability
- The estimated net present value of EBITDA synergies is ~$30m
- Non-recurring capex reductions total ~$30.5m

($m)	Estimate	Realisation	Maintainability
Annual estimated EBITDA savings			
Back office	2.0	2 months	Ongoing
Labour[1]	0.9	Immediate	Ongoing
Lease costs & overheads	0.8	Immediate	Ongoing
Fleet capacity rationalisation	0.7	with fleet reductions	Ongoing
	4.4		
Capex savings			
Reduced capex in FY13 and FY14	30.5	0-2 years	Non-recurring

Note 1: Between 15- 25 redundancies expected as vacancies currently exist in all businesses.

TRANSACTION DETAILS

Discount to book equity compared to current ***thl*** market capitalisation

$m	***thl***	**Kea & United**
Book Equity Value	156.0	23.8
Consideration Paid		
Shares		7.4
Cash		3.2
Deferred Consideration		8.0
Implied Market Capitalisation	57.0	18.6
Equity Discount[1]	63%	22%
Excluding at risk deferred consideration[2]	63%	55%

Notes
1 . Excludes any normalisation of gearing
2. At risk deferred Consideration protects ***thl*** on the downside

TRANSACTION DETAILS

Implied Share Price

Estimated $ per share	Pre Merger	Post Merger
Discounted Cash Flow	$1.16	$1.49

- Equity uplift $32m or $0.33 cents per share for existing shareholders

TRANSACTION DETAILS

Implied Share Price

$m		FY13f	FY14f
NPAT	Pre Merger	6.1	11.6
	Post Merger[1]	8.3	14.7
Estimate of $ per share			
P/E Multiple	Pre Merger	$0.59	$1.12
9.5x	Post Merger[1]	$0.72	$1.26

Notes

1 . FY13 NPAT normalised to exclude transaction and implementation costs

TRANSACTION DETAILS – PURCHASE DISCOUNT

- The purchase price reflects a negotiated outcome and implies an aggregate discount of 10% to the net operating assets[1] of KEA and United.
- This discount is less than ***thl***'s current implied enterprise value discount to net operating assets of 39%.
- These discounts are not directly comparable.
  - ***thl*** is acquiring full control whereas ***thl***'s own discount reflects trades of minority parcels in its own shares at relatively low volumes.
  - The price paid reflects the value that is expected to be derived from the purchase. ***thl*** believe the price is justified by factors, including:
    - Significant and achievable forecast cost and capex synergies; and
    - Protection against resale values falling delivered by way of the deferred contingent consideration mechanism equal to 12% or $8.0m of the purchase price.

Note 1. Net operating assets have been normalised as detailed in subsequent slides.

TRANSACTION RISK MITIGANTS

- Synergies easily realisable
  - Fleet reduction managed through reduced purchases (not increased sales)
  - Property commitments have scheduled release
  - Labour synergies conservative
- Fleet purchased at a discount to market value
- Resale values of fleet acquired protected via deferred contingent consideration
- Buying business assets not shares of KEA and United
- Customer service delivery a critical focus – no frontline positions reduced
- Kay Howe (United Principal) proposed to join ***thl*** board
- Grant Brady (who is MD and owns 50% of RV Manufacturing Group LP) proposed to also lead NZ vehicle sales division

TRANSACTION RISK MITIGANTS

- ***thl*** track-record
  - Success in cost out, synergies and integration of new brands

2012	**KEA Australia integration**
2012	**RV Manufacturing Group LP creation**
2011	**Road Bear Acquisition**
2005 – 2010	**Acquisitions -** Black Water Rafting, Fullers Group (BOI)
	Disposals - Johnston's Coachlines, Great Sights, Airbus, Milford Sound Red Boats, Kelly Tarltons, Fullers Group (BOI) and Discover New Zealand packaging business
	Joint Ventures – ICG, JCL

- Horizontal integration
- Familiarity with businesses and their operating models
- Nature of assets being acquired – ie mobile assets with 20% sold p.a.

TRANSACTION RISK MITIGANTS

- Mechanism of $8.0m deferred contingent consideration ;
  - Contingent upon the achieved sale price for each vehicle in the fleet acquired being equal to, or exceeding, the forecast economic sale price at the date of disposal.
  - Partial retention of payments until deferred consideration equals 15% of vehicle values.
  - Payable on the sale of each vehicle.
- Capex savings will enable rapid reduction of acquisition debt and does not represent a drag on ***thl*** cash flow or dividends.

thl FINANCIAL & SHAREHOLDER IMPACTS

Group Financial Impacts – Financial performance

($m)		Status Quo		Post Acquisition		Difference	
	FY12a	FY13f	FY14f	FY13f	FY14f	FY13f	FY14f
Revenue	200.0	205.4	205.2	239.7	241.3	17%	18%
EBITDA	60.7	56.1	62.5	64.2	75.4	15%	21%
EBIT	16.3	16.3	22.5	19.3	28.8	18%	28%
NPAT[1]	4.5	6.1	11.6	6.8	14.7	11%	27%
NPAT Normalised[2]				8.3		36%	
EPS (cps)[1,2]	4.6	6.2	11.8	7.6	13.3	21%	13%
DPS (cps)[1,3]	2.0	4.0	6.0	4.0	8.0	0%	33%

Note: 1. Based on earnings from continuing operations for FY12
Note 2. Excluding acquisition costs and implementation costs
Note 3. Dividends based on financial year

- 13% EPS accretive in FY14, the first full year post transaction
- FY13 reflects benefits of acquisition for only 8 months
- Further earnings growth expected beyond FY14.

thl FINANCIAL & SHAREHOLDER IMPACTS

Group Financial Impacts - Cash flow

($m)		Status Quo		Post Acquisition		Difference	
	FY12a	FY13f	FY14f	FY13f	FY14f	FY13f	FY14f
Operating cash flows excl fleet purchases and sales	45.2	41.8	51.5	48.2	61.4	15%	19%
Acquisition				(69.5)		n/a	n/a
Other investing cash flows	(38.8)	(12.7)	(46.0)	(0.8)	(27.4)	-94%	-40%
Acquisition debt + deferred contingent consideration				58.9		n/a	n/a
Other financing cash flows, excluding dividends	(2.9)	(22.1)	-	(33.8)	(16.0)	53%	n/a
Levered Free Cash Flow	3.4	6.9	5.4	3.0	17.9	-56%	231%
Dividends	(1.9)	(3.9)	(5.9)	(4.4)	(8.8)	12%	50%
Net Cash Flow	1.6	3.0	(0.5)	(1.4)	9.1	-147%	2001%
Unlevered Free Cash Flow[1]	27.8	34.7	10.0	27.8	36.2	-20%	262%
CPS[2] (cps)	49.7	45.9	51.8	45.7	54.3	0%	5%
Unlevered Free Cash Flow (cps)	28.3	35.3	10.2	25.2	32.8	-29%	223%
Levered Free Cash Flow (cps)	3.5	7.0	5.5	2.7	16.3	-61%	195%

Notes 1. Unlevered free cash flow calculated as EBIT less tax on EBIT, plus depreciation, less capex, less increases in working capital. Excludes acquisition cost
2. CPS calculated as NPAT plus depreciation divided by shares on issue

Significant free cash flow available to reduce acquisition debt

thl

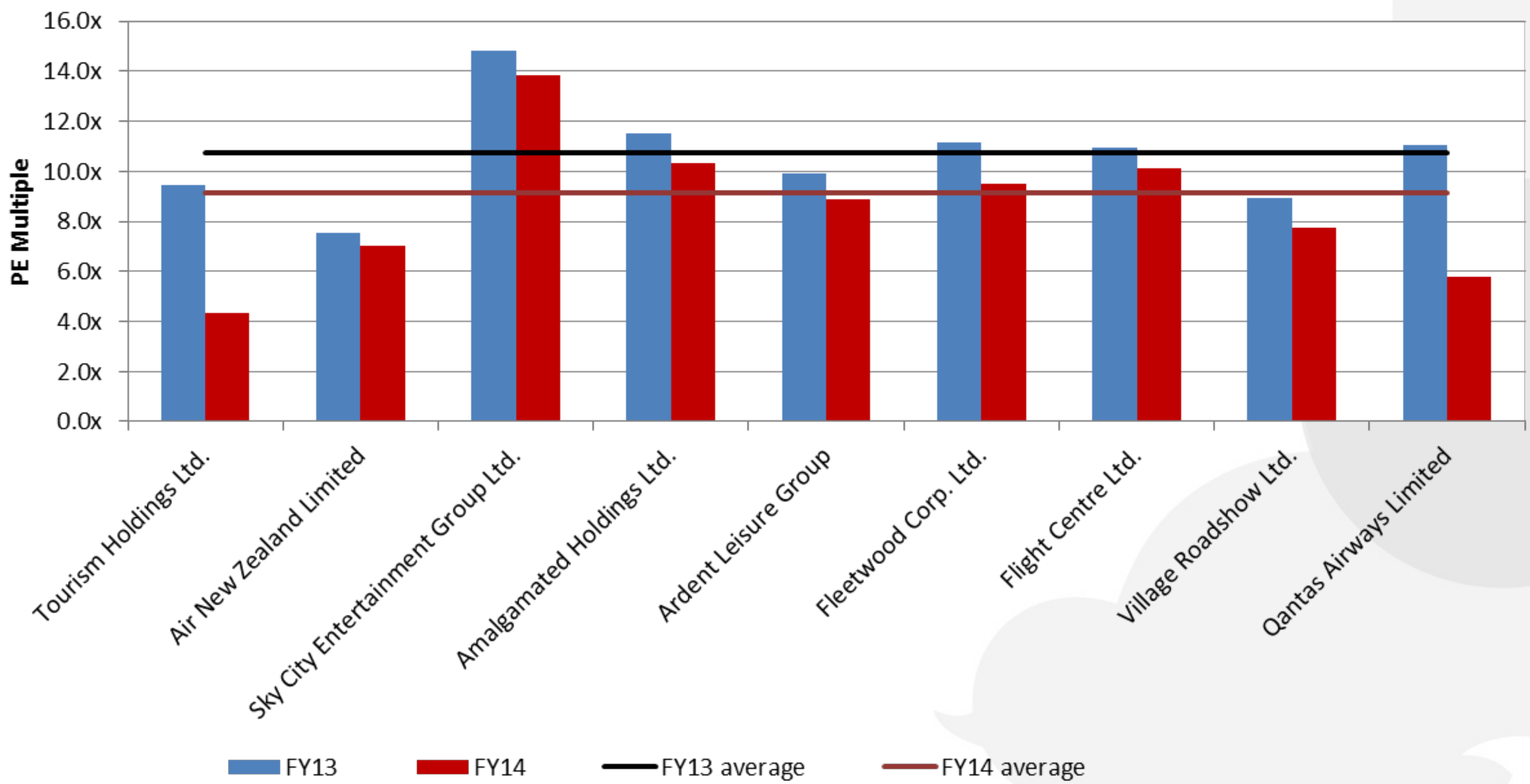
thl FINANCIAL & SHAREHOLDER IMPACTS

Valuation Benchmarks

Forward PE Multiples

THL post transaction assuming current market cap

Forward FY13 and FY14 PE multiples of listed Australasian tourism & leisure companies



Source: Capital IQ

Note: FY13 for ***thl*** based on 8 months

thl FINANCIAL & SHAREHOLDER IMPACTS

Pro-forma Balance Sheet Impact

Pro-forma Balance Sheet at 31st October 2012			
Oct 2012, ($m)	**THL**	**Acquisition**	**Combined Group**
Fixed Assets & Investments	226.0	69.5	295.4
Net Working Capital	3.1	-	3.1
Other Assets/Liabilities	(4.9)	-	(4.9)
Waitomo licenses and leases	14.3	-	14.3
Goodwill	8.3	-	8.3
Net Operating Assets	246.9	69.5	316.3
Cash	4.8	(3.2)	1.5
Debt	(98.8)	(50.9)	(149.6)
Deferred Contingent Consideration	-	(8.0)	(8.0)
Shareholders' Funds	152.9	7.4	160.2

The transaction is expected to complete on 31 October 2012

thl FINANCIAL & SHAREHOLDER IMPACTS

Effect on capital structure and gearing metrics

($m)			
	At acquisition	FY13f	FY14f
Debt	(150)	(110)	(97)
Deferred Contingent Consideration	(8)	(7)	(5)
EBIT Interest Cover		2.4x	3.4x
Debt / Debt+Equity	50%	42%	39%
Debt / EBITDA		1.8x	1.3x
Shareholders' Funds / Total Assets	46%	53%	56%

$53m of senior debt repaid over the first 20 months

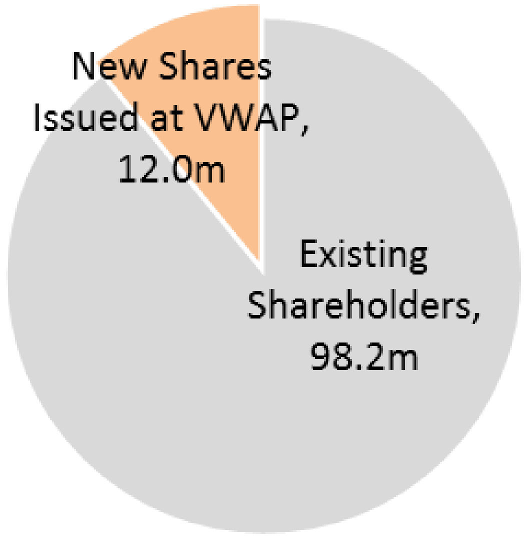
Potential for improved dividends

thl FINANCIAL & SHAREHOLDER IMPACTS

Shareholder Ownership Impacts

- 12.0m shares issued to Vendors at 6 month VWAP of 61.9cps
- Dilutes current shareholders by circa 11%.

Issue Shares



THL Shareholder Ownership Impacts post Completion		
Shareholder	Holding	%
Sterling Grace Capital Management	18.8	17.1%
Tower Asset Management	8.5	7.7%
Utilico Limited	8.4	7.6%
Accident Compensation Corporation	7.6	6.9%
Vendor of United	6.4	5.8%
Vendor of KEA	5.6	5.1%
Douglas K & M & Others	5.2	4.7%
All other	49.7	45.1%
Total	110.2	100%

Source: ***thl's*** share register and substantial security holder notices filed with the NZSX

thl TRANSACTION STEPS & TRANSACTION TIMETABLE

Indicative Transaction Timetable

Shareholder Approval Information and Independent Report Released	Mid-Late September
Shareholder Meeting	Mid October
Projected Completion	31 October

FINANCE CONDITION STATUS

"***thl*** has provided its lenders with details of the proposed merger and whilst the funding for the transaction is still to be finalised and remains subject to credit approval and internal bank sign off the lenders have confirmed their support for the proposed merger in principle."

Source: Westpac and ANZ

CONCLUSIONS

- ü Proposed merger strategically compelling and financially attractive
- ü Positive financial impact: Value accretive; CPS,EPS and DPS
- ü Transaction benefits highly deliverable
- ü Sound post-acquisition capital structure
- ü Risks managed and mitigated
- ü Logical, strategic and the best response to industry dynamics; a transformative transaction
- ü Best alternative for delivering enhanced returns to ***thl*** shareholders and increasing shareholder value
- ü $32m of positive EVA for existing shareholders $0.33 per share
- ü Addresses NZ rentals issue
- ü Australia and USA on track

QUESTIONS