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MEDIA | NZX RELEASE
TOURISM HOLDINGS LIMITED (*thl*)
FINANCIAL RESULTS FOR SIX MONTHS ENDED 31 DECEMBER 2014

GROWTH ACHIEVED, $17M FULL YEAR FORECAST

HIGHLIGHTS:

- **Operating Profit Before Financing Costs and Tax (EBIT) of $10.6M up $3.4M or 48% on the prior corresponding period (pcp)**
- **Net Profit After Tax of $5.6M versus $2.5M for pcp**
- **Interim dividend of 7 cents per share (cps) declared versus 5 cents for pcp**
- **Net Debt decreased to $85M down $12M on the pcp**
- **FY15 year end NPAT forecast confirmed at greater than $17M**
- **Strategic financial goals set at the Annual Meeting are well on track**

thl today announced a half year profit in line with updated expectations released to the market in December.

Chairman Mr Rob Campbell said: “We continue to deliver on the expectations we have provided shareholders. Further earnings improvements will be achieved in the current operations. We are now addressing appropriate smart growth opportunities. We are already the global leader in self drive RV tourist experiences and there are further opportunities to increase the scope and value of this industry segment globally. ***thl*** will remain very focused on growing earnings and flexible capital utilisation.”

The business also confirmed it anticipates at least $17M Net Profit After Tax for the FY15 financial year.

Chief Executive Officer Mr Grant Webster said: “We are operating in a positive tourism environment and have addressed the core operating issues within the business. We are employing new capability and enabling the business to grow in a smart manner. It is pleasing to see the company on track for the increased year end forecast we released in December.

It’s also pleasing to see shareholders rewarded with an increased interim dividend of 7 cents per share.”

ENDS

NZX: THL (Tourism Holdings Limited)
FINANCIAL AND OPERATIONAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

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 $109.7M; Down 2%; $112.3M

Operating Profit before tax $9.5M; Up 99%; $4.8M

Less tax on operating profit $3.9M; Up 67%; $2.3M

Profit after tax attributable to members of the listed issuer $5.6M; Up 129%; $2.5M

Earnings per share from continuing operations cps 5.0 cps up 124%; (2.2) cps

7cps dividend declared fully imputed.

Record Date : 9th April 2015 (ex date 7th April 2015)
Payment Date : 16th April 2015

OPERATIONAL COMMENTARY

Tourism Holdings Limited Divisional EBIT

$M	Six months ended 31 Dec 2014			Six months ended 31 Dec 2013			Growth		
	Revenue	**Costs**	**EBIT**	**Revenue**	**Costs**	**EBIT**	**Revenue**	**Costs**	**EBIT**
Rentals New Zealand	36.8	37.9	(1.1)	38.4	40.4	(2.0)	(4%)	(6%)	46%
Rentals Australia	34.2	29.6	4.7	38.0	35.4	2.6	(10%)	(17%)	81%
Rentals USA	26.4	20.2	6.1	25.6	19.3	6.3	3%	5%	(3%)
Tourism Group	12.2	9.8	2.4	10.3	8.7	1.7	19%	13%	48%
Group Support Services	-	1.6	(1.6)	-	1.4	(1.4)		15%	(15%)
thl 100% owned entities	109.7	99.1	10.6	112.3	105.1	7.2	(2%)	(6%)	48%

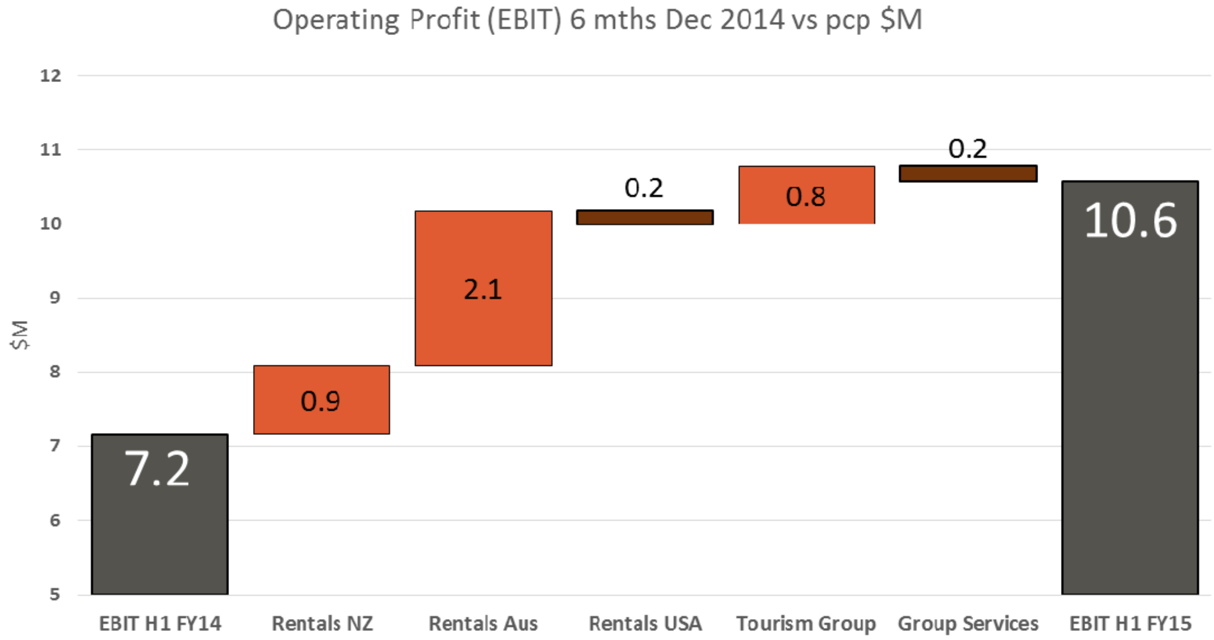
GROUP PERFORMANCE – *Operating Performance ahead of plan*

Group Revenue for the half year to 31st December 2014 declined 2% to $110 million from $112 million whilst group operating profit before financing costs, joint venture earnings and tax (EBIT) increased to $10.6 million from $ 7.2 million. The revenue decline was in line with the planned reduction in fleet in Australia and New Zealand, lower USA fleet due to strong fleet sales and planned lower vehicle sales in Australia and New Zealand. Revenue was above internal expectations for the period.

The lower fleet numbers and subsequent reductions in revenue have now been achieved and we have entered a revenue growth phase.

All businesses have an improved performance against the prior year in underlying currency terms, though the USA was down in NZ Dollar terms. In line with the commentary we provided last year the USA had lower peak season rental income due to increased sales in H2 of FY14, but have recovered this across the shoulder season. The USA business remains the most flexible operating model.

The tourism businesses and manufacturing joint venture had strong revenue growth and with strong operating leverage also showed positive margin improvement.



MARKET CONDITIONS

Demand has continued to increase. The current high season has continued to show positive growth over last year. December visitor numbers for our Tourism Group were up over 20% and demand for motorhomes was firm in Australia and New Zealand, though limited by capacity as planned. January has been in line with last year (Chinese New Year was in January last year) and February is on track for double digit growth again for the Tourism Group.

The USA and China have provided a larger proportion of the growth along with visitation numbers from the UK that align with the increased consumer confidence in that market.

All businesses also benefitted from the stronger consumer confidence in Europe, especially Germany. ***thl*** does see a stronger correlation to consumer confidence and visitation growth than any exchange rate impacts.

We are confident with the booking growth into next year for all businesses. We will watch the increase in the NZD versus the AUD closely however we believe the largest impact will be the translation of earnings from the Australian business.

DIVISONAL SUMMARY

NEW ZEALAND RENTALS – *Strong EBIT growth planned*

The New Zealand rentals EBIT was up close to 46% on the pcp. Lower depreciation arising from fleet reductions, and improved residual values from improved vehicle build over recent years was the main contributor to improved EBIT. Rental income was flat on last year with the lower fleet. Vehicle sales margin was up on pcp due to improved margins per vehicle, despite lower volumes sold.

The targeted improvement in FY16 is to achieve an acceptable return on capital. The proof points are on track.

Vehicle sales for the period were on track with expectations. The RV Super Centre in Albany continues to grow additional revenue streams in retail, trades and recreational vehicle servicing.

Work continues on a new site in Christchurch in conjunction with the Christchurch International Airport. The new site will encompass both rentals and vehicle sales operations.

UNITED STATES RENTALS – *Continued delivery - managing growth*

The Road Bear RV business EBIT of $6.1M was marginally down on the $6.3M achieved last year, though 5% ahead in US dollar terms. Lower fleet numbers in the peak season due to strong vehicle sales in H2 FY14 resulted in lower peak season rental income, however shoulder season revenue has been strong, and vehicle sales have continued to perform well. 267 vehicles were sold for the half versus 262 for the pcp.

We have increased the fleet by approximately 10% in the USA for this coming high season (June to September). We are confident the second half of FY15 will show an improved result on FY14. Based on the current forward book we expect to achieve further growth in FY16.

The management changes announced previously have been enacted and Daniel Schneider is now a Director of the Road Bear RV business and consultant to ***thl*** based in Switzerland. Hannes Rosskopf has assumed the responsibilities for the operation of the business in the capacity as General Manager USA.

A new San Francisco site with greater capacity has been established and will be operational for the coming high season.

We are currently exploring another new location option which we hope to announce at the International USA travel trade event IPW in June.

AUSTRALIAN RENTALS – *Still on track - revenue growing*

The Australian Rentals half year EBIT of NZ$4.7M was up on last year by $2.1M or 81%.

In AUD terms EBIT was A$2M ahead of last year. The main contributor to the improved performance against last year has been lower operating costs (A$2.2M) with the main savings coming from lower depreciation in line with reduced fleet, repairs and relocation costs. These benefits have now created a much stronger operating capacity within the business. The focus returns to growth and ensuring that in the background of some economic uncertainty the business is positioned to grow and deliver on the expectations of an appropriate return this financial year.

Rental income was level with last year despite the lower fleet, with reasonable yield increases. Vehicle sales margin was A$0.2M lower than last year, with 114 sold against 164 last year.

TOURISM BUSINESSES – *High positive operating leverage*

The tourism businesses had a positive half year. EBIT was up at $2.4M from $1.7M in the pcp.

Revenue was up 19% on the pcp. Pleasingly visitation growth was ahead of the International Visitor Arrival (IVA) growth statistics for the same period.

The products in this portfolio are well managed and positioned in the market. Both the Waitomo business and Kiwi Experience have good operating leverage.

Costs were well managed, and remain an ongoing focus across the business. The new Kiwi Experience coaches have been well received by customers and are providing positive fuel efficiencies and are contributing well to the sustainability goals set for the business.

We are allocating resource within the business to new product development. We expect growth in the second half over last year and will see further growth in FY16 as the new products come on stream.

JOINT VENTURE MANUFACTURING (RV Manufacturing Group) – *Turnaround complete, growth focus*

thl's share of profit in the joint venture business increased by over 55% on the pcp. The efficiency gained in both the Auckland and Hamilton sites has been pleasing.

Procurement improvements and design adaptations have continued to drive down build costs. The targeted decrease in build costs for FY16 set by ***thl*** has been achieved and will provide positive benefits to ***thl*** over the coming years.

The business continues to focus on growth opportunities in Australia as well as expanding the specialist and emergency vehicle business in New Zealand.

The loan balance to ***thl*** reduced as planned, with further reductions on track for the second half.

The return on funds employed in this business will be well above expectations in FY16.

FINANCIAL POSITION AND CAPITAL EXPENDITURE

Capital Expenditure

The expected capital expenditure for the year will be on the higher side of expectations with increased fleet in the USA post the closure of the competitor Camping World rentals operation.

We expect full year net capex to be between $25M and $30M.

As a result we expect net debt to be between $80M and $85M for 30 June 2015.

Dividend

A dividend of 7 cents per share has been declared. The dividend record date is 9th April 2015 with a payment date of 16th April 2015.

CORPORATE GOVERNANCE

Gráinne Troute has commenced her appointment to the board of ***thl***. With the retirement of Graeme Bowker this month, Graeme Wong has commenced as Chairman of the Audit and Risk Committee and Gráinne Troute has commenced as Chairman of the Remuneration and Nomination Committee.

The board and business would like to thank Graeme Bowker for his long and valuable service to ***thl***, especially as an overseas based director and strong advocate for the business in the Australian market.

OUTLOOK

The business remains confident of achieving at least $17M Net Profit After Tax for the full FY15 financial year.

The general outlook to FY16 also remains positive at this point in time. Internally, controlled growth is expected to enable further profit growth and general tourism demand remains positive internationally.

We remain more focused on consumer confidence in all source market countries than exchange rate fluctuations although we acknowledge price pressure increases and the ability to achieve increased yields diminish when the NZD is strong.

Achieving appropriate returns for shareholders has been the mantra over the past two years and remains the key focal point for the business today.

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 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.*