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NZX | MEDIA RELEASE
TOURISM HOLDINGS LIMITED (*thl*)
FINANCIAL RESULTS FOR THE YEAR TO 30 JUNE 2013

thl STRATEGIC DECISIONS DELIVERING RESULTS

HIGHLIGHTS:

- Operating Profit Before Financing Costs and Tax (EBIT) of $14.6 million in line with guidance
- New Zealand merger with KEA Campers & United Campervans fully implemented
- Strong USA result and positive growth in the current high season
- Forward bookings for the New Zealand high season are strong
- Final dividend of 2 cents per share, making total for year of 4 cents per share

New Zealand's leading tourism group Tourism Holdings Limited (***thl***) **(NZX:THL)** today declared the 2012 merger of its New Zealand rental business with United Campervans and KEA Campers a success as it reported full-year earnings in line with market guidance.

thl also announced the Board has elected Rob Campbell as chairman, effective 29 August 2013. Mr Campbell replaces Keith Smith, who signalled at last year's annual meeting he would step down once integration of New Zealand rentals, KEA and United businesses was complete. Mr Smith will retire from the board at the conclusion of this year's annual meeting in November.

Outgoing chairman Keith Smith said: "The merger with United and KEA has delivered on its objectives to position ***thl*** for the challenging market conditions it faces. It has linked our highly-competitive international sales and service infrastructure with high-quality brands servicing complementary market segments and is allowing the orderly reduction of the New Zealand motorhome fleet."

"***thl*** is a much stronger company as a result. The rationalisation of the New Zealand rental fleet is on track. We have consolidated the three businesses' back-office operations and service centres and the capital invested in the business."

"Our balance sheet is strong and the New Zealand rentals business' returns on funds employed (ROFE) – as measured by the ratio of operating profit before interest and tax (EBIT) to the net value of assets – has improved compared to FY2012 (excluding the RWC one off benefit). ROFE is a key measure for ***thl*** as it shows the returns we are delivering on the capital provided by our lenders and shareholders."

Incoming chairman Rob Campbell said: "We are optimistic about the year ahead and I am looking forward to leading the company in its next phase of development."

"Motorhome bookings for the New Zealand summer season are shaping up well. Our US operation, now in the midst of its high season, continues to deliver excellent results and the New Zealand tourism operations including Kiwi Experience and Waitomo Caves are performing steadily. Our Australian business faces tough trading conditions, but restructuring programmes are positioning it for the future."

"The immediate task ahead of the business is to improve earnings further to levels which are commensurate with asset value and trading potential. The board and management are committed to this continuing process."

"Reflecting the board's confidence in ***thl's*** outlook, directors have declared a final dividend of 2 cents per share taking total dividends for the year to 4 cents per share which is the same as last year. This pay-out continues a consistent record of pay-outs since dividends recommenced in March 2012."

thl Chief Executive Grant Webster said: "It is pleasing to be able to report the significant and bold strategic decisions made over the past two and half years of entering the US and the NZ Rentals merger are delivering the expected results."

Revenue from continuing operations in the 12 months to 30 June 2013 grew 12% to $225 million from $200 million in the prior year. EBIT decreased 10% from $16.3 million to $14.6 million, while net profit after tax from continuing operations fell 16% to $3.8 million.

Mr Webster added: "The results for the 2013 financial year are not directly comparable to the prior year due to a number of one-off factors. Notably, the group result includes a $4.5 million EBIT contribution from KEA Campers and United Campervans and $1.4 million of merger costs. The prior year benefitted from an estimated one-off $4.5 million EBIT contribution from the Rugby World Cup."

"We have also faced very challenging trading conditions in Australia. Demand is still weak due to the combination of continuing economic difficulties in core European markets and a relatively high Australian dollar during the financial year under review."

"***thl*** has delivered a very credible result. We are bearing up to the challenging market conditions we face and continue to take action to position the business for the future and notably building ROFE and finding new ways to leverage the current infrastructure."

"We are looking forward to reporting on our progress at the annual meeting in November."

ENDS

TAKE OUT COMMENT: "NZ Rentals merger successful with a positive growth outlook."

NZX: THL
FINANCIAL AND OPERATIONAL RESULTS FOR THE YEAR TO 30 JUNE 2013

This report has been based on the audited 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 $225m; Up 12%; $200m

Operating Profit from continuing operations before tax $5.9m; Down 19%, $7.3m

Less tax on operating profit from continuing operations $2.1m; Down 25%; $2.8m

Profit after tax from continuing operations; $3.8m; Down 16%; $4.5m

Less loss after tax from discontinued operations; $Nil; Up 100%; $(0.2)m

Profit after tax attributable to members of the listed issuer; $3.8m; Down 12%; $4.3m

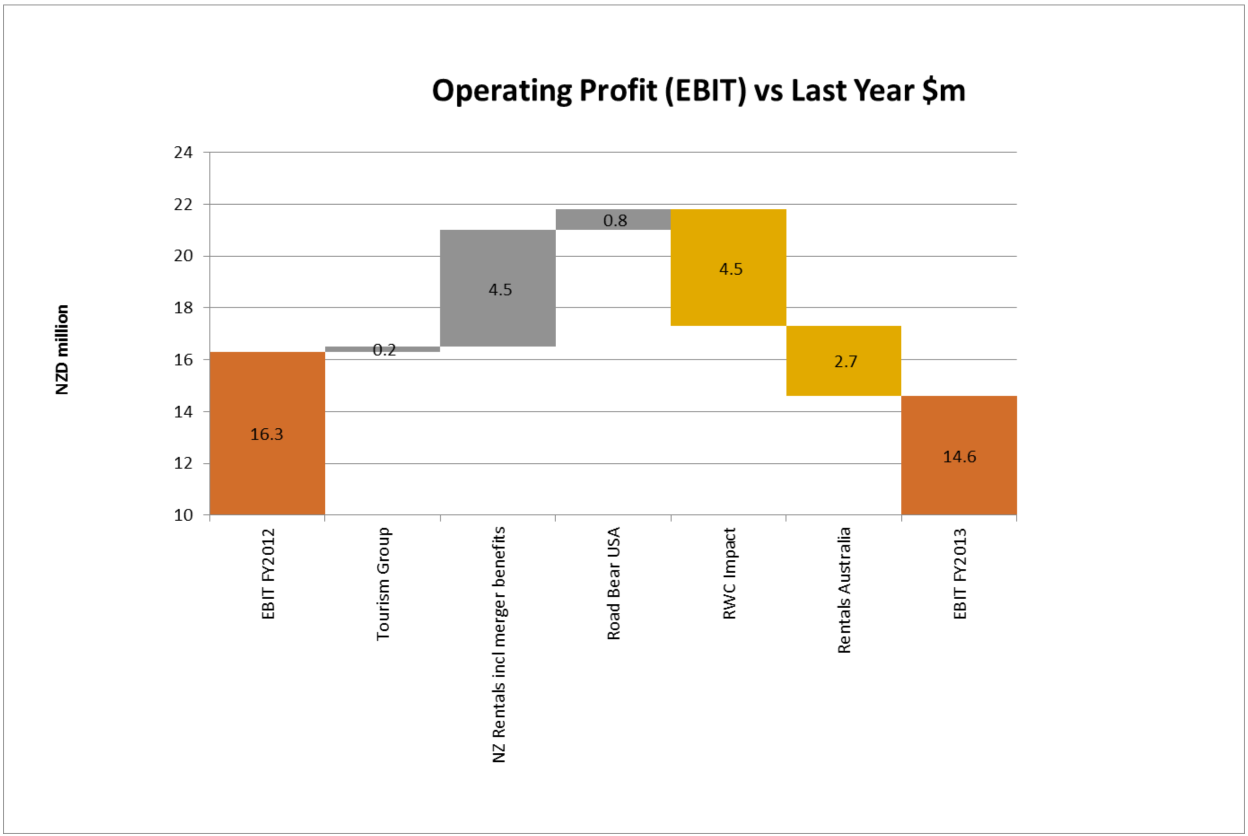
Earnings per share from continuing operations 3.6cps; Down 22%; 4.6 cps

2cps dividend declared.

Record Date : 17 October 2013 (ex dividend date 15 October 2013)
Payment Date : 24 October 2013

GROUP PERFORMANCE

Group Revenue for the year to 30 June 2013 rose 12% from $200 million to $225 million while group earnings for continuing operations before interest and tax fell from $16.3 million to $14.6 million. The merger of the New Zealand rentals business contributed $4.5 million, while the uplift in operating earnings in the New Zealand tourism businesses and Road Bear in the US contributed a combined $1.0 million to group earnings.



However, these gains were offset by a $2.7 million reduction in earnings in the Australian business. In addition to this the prior year benefitted from an estimated $4.5 million contribution to EBIT from a lift in vehicle rentals due to the Rugby World Cup. The EBIT result is short of the forecasts given at the time of the merger largely due to earnings in Australia falling well short of forecasts.

DIVISIONAL SUMMARY

Tourism Holdings Limited Operational Review

	Year ended 30 June 2013				Year ended 30 June 2012			
	Turnover ($million)	Operating Profit ($million)	Net Assets ($million)	Operating Cashflow ($million)	Turnover ($million)	Operating Profit ($million)	Net Assets ($million)	Operating Cashflow ($million)
Rentals New Zealand	73.8	5.5	128.2	25.8	56.6	5.5	81.2	8.3
Rentals Australia	86.8	1.3	71.8	15.1	87.5	4.0	92.5	16.5
Rentals USA	43.2	6.5	33.9	(2.2)	34.4	5.7	29.6	0.6
Tourism Group	20.7	4.0	27.7	5.8	21.5	3.8	29.6	4.2
Group Support Services	0.1	(2.7)	10.9	(2.3)	-	(2.7)	9.5	(4.7)
thl owned entities	224.6	14.6	272.5	42.2	200.0	16.3	242.4	24.9
Net Interest	-	(7.3)	-	-	-	(7.0)	-	-
RVMG - Joint Venture	-	(1.4)	7.1	-	-	(2.0)	9.2	(3.3)
Total continuing businesses	224.6	5.9	279.6	42.2	200.0	7.3	251.6	21.6
Income tax expense	-	(2.1)	-	-	-	(2.8)	-	-
Discontinued	-	-	-	-	9.6	(0.2)	-	0.2
Group Total	224.6	3.8	279.6	42.2	209.6	4.3	251.6	21.8

NEW ZEALAND RENTALS

The merger of ***thl's*** New Zealand's rentals business with KEA Campers & United Campervans has been a resounding success. The focus of the merger was to reduce costs and these goals have been achieved. Total funds employed in the business increased following the merger due to the enlarged fleet. However, the return on these funds increased considerably compared to expectations for FY2013 pre the merger.

The New Zealand business also completed a number of initiatives focussed on realigning resources to lift ROFE, during the year. Our car rentals business has now been outsourced to a third party supplier. This allows ***thl*** to continue to create a broader self-drive offer whilst focussing on the campervan and motorhome capital base.

We have reviewed all brands and fleet categories and are reducing fleet categories by four. We have also discontinued the "Econo" brand which has been merged with Mighty. A further review will be conducted during the next 12 months.

During the year, our Mighty budget brand moved to an on-line self-service model. Customers check in prior to picking up their camper and pack and un-pack their own vehicle. When customers check in on-line prior to the arrival at the depot, their average collection time from arrival to departure is 10 minutes and this improves branch efficiency.

The new Queenstown branch completed its first full year of operation and it has achieved critical cost savings through the in-house workshop operation. Customer feedback and on-road assistance in this part of New Zealand has been exceptional.

A key initiative of the merger was the launch of the RV Super Centre in Albany Auckland and it is delivering on its objective to be the destination for all things associated with RV's and motor homes in New Zealand. It has the manufacturing business on site as well as facilities for overnight camping, a retail shop and the best motor home and caravan service centre in the country.

A project has commenced in Christchurch to move sites with the existing site being redeveloped by the Christchurch Airport.

New Zealand rentals market capacity

Our plan of 'parking-up' fleet to allow an orderly reduction in fleet numbers has worked effectively with stored units ready for the coming high season. Over the year we sold 432 units at expected margins.

Fleet rationalisation continues in an orderly fashion.

UNITED STATES RENTALS

Our US operation continues to deliver on the promise it showed when we acquired the business in December 2010 and we retain a very positive outlook for the future.

Road Bear's revenue rose to $43 million with fleet sales being 60% of the total. Fleet sales revenue increased 42% over the prior year and rentals revenue increased 7%. Road Bear is positioned to bring both the best of the used RV's on the market and a very credible near new alternative to a new vehicle.

During the year we sold 518 vehicles, up 44% from the 359 sold in 2012. This is due to the emerging US economic recovery and a shortage of second-hand vehicles following a contraction in new vehicle sales during the Global Financial Crisis.

Road Bear continues to be a market leader in new fleet with 87% of the fleet on hand at June purchased since January 2013.

EBIT increased 14% from $5.7 million to $6.5 million. The result also includes Road Bear receiving a charge for Group Support costs. Total funds employed in the US business increased from $30 million to $34 million at 30 June 2013.

As operating costs were controlled and revenue increased, ROFE increased over the year to 25% from 19%. (excluding Group Support cost charges).

During the year we opened a new branch in Orlando, Florida, a major tourist gateway to the South east of the US. The branch is meeting expectations. We also launched the Britz brand in the US in a deliberate effort to target Australian visitors, who are not familiar with the Road Bear brand.

The Britz launch has been executed without additional capital expenditure for the business.

Finally we have appointed Hannes Rosskopf as Chief Operating Officer of Road Bear to assist in the development of the business.

AUSTRALIAN RENTALS

Trading in Australia remains tough due to continuing tight economic conditions particularly from the core European inbound tourist markets and the strength of the Australian dollar during the year under review.

Rental revenue fell 5% to $67 million from $70 million due to fewer tourists and lower yields. EBIT was well below expectations at $1.3 million compared to the prior year's result of $4.0 million due to these effects. Based on a review of current cost structures the Australian operation is bearing a higher proportion of group support costs which reflects services provided by the group to Australia. These charges are included in the operating result.

Over the last year we have made good progress in reducing the capital base of the business. We reduced the net funds employed in the business by 22% from $92 million to $72 million.

Vehicle sales were up from $17.6 million to $20.1 million and sales margins remained stable.

Costs increased over the year reflecting our utilisation of a proportion of the KEA Australia fleet under short term operating leases following its receivership at the end of the last financial year. Those leases have now expired and combined with reductions in other operating costs being implemented will deliver a significant drop in total costs during FY2014.

Australia will remain tough in the coming year. Our focus will be to continue the transition to a lower cost business model and we expect this to drive improvements in ROFE. This month a new General Manager, Matthew Harvey, commenced who has the capability to drive this transition.

TOURISM BUSINESSES

The tourism businesses delivered a steady performance with an EBIT of $4.0 million up 5% on last year. Revenue was slightly down on the prior year at $20.7 million compared to $21.5 million.

The Waitomo attraction is performing well and pleasingly it is making steady progress with the Chinese in-bound market. We expect on-going growth over the coming year as penetration into this fast-growing market continues.

The Kiwi Experience coach business again delivered a return on funds employed well above the group's cost of capital with no increase in the minimal funds employed. A new contract for coach supply was signed just after the financial year end.

JOINT VENTURE MANUFACTURING (RV Manufacturing Group)

thl's share of the joint venture loss was $1.4 million. The result included a number of one off items and a slowdown of production post the NZ rentals merger which was aligned with the objective to rationalise fleet numbers.

During the year the joint venture released a new range of KEA products. The development of the new KEA KQ Series which includes new layouts and features was launched over the last six months and is already attracting positive reviews from motorhome journalists. The success of this vehicle is a demonstration how the merger has benefited from the strengths of ***thl*** and KEA manufacturing technologies. We have a positive expectation for the business earnings in the coming year.

FINANCIAL POSITION AND CAPITAL EXPENDITURE

thl's balance sheet is in strong shape. Net debt stands at $120 million. This was $5.0 million higher than forecast in February with the major reason for the difference being that our building in Hamilton, valued at $7.0 million, remains unsold. Excluding this building, debt is within the range forecast at the time of the merger.

We are now looking to secure a long-term lease over the building, including a potential split lease which the premises is well suited for.

Vehicle sales generated cash of $67 million against a merged forecast of $71 million. Fleet renewal including the purchase of the United and KEA businesses was $138 million which was less than the $150 million forecast at the time of the merger.

For the forthcoming year, only the US fleet is expected to grow while reductions will continue in the Australian and NZ markets. Capital expenditure is forecast to be between $75 million and $85 million with fleet sales forecast to be between $55 million and $65 million. As a result we expect strong operating cash flow to allow net debt to fall to between $100 million and $110 million by the end of FY14.

CORPORATE GOVERNANCE

The board announced at the 2012 Annual Meeting a review of the board composition. During the last financial year Rob Campbell, Kay Howe and David Neidhart have all joined the board replacing John Bongard, Rick Christie and Deepak Gupta, who all retired from the board at various times during the year.

Rob Campbell has been appointed by the board to the role of Chairman effective 29 August 2013, following a thorough succession planning and appointment process. Keith Smith will remain as a non-executive director until the Annual Meeting in November 2013.

The board intends to appoint one more director and discussions are underway to fill the position.

OUTLOOK

Following the significant strategic initiatives of the last few years the focus of the business going forward is to continue to lift the group's ROFE through on-going cost reductions and vehicle rationalisation as well as creating demand within the category.

A recent easing in the New Zealand and Australian dollars against those of our core in-bound tourism markets should bolster demand rebound over the coming year.

Whilst it is too early to provide any confirmation of the full year profit expectations, based on the early bookings, which represent circa 25% of the high season bookings, we would expect New Zealand rentals to see double digit growth in hires. At this point it is too early to see bookings translate to strong growth in yield as competition remains strong. Longer term, the reduction in industry capacity in the market should underpin earnings growth in the coming years to achieve acceptable returns.

Demand for Australian rentals remains subdued, with forward bookings showing lower total booking numbers and shorter stays. There is evidence Australia is now seen as an expensive destination for visitors and this perception may take some time to shake despite the recent drop in the Australian dollar. We expect revenue to fall but operating earnings should improve as the fleet is rationalised and we reduce costs.

The USA is well through the 2013 calendar year high season and is showing revenue growth in line with expectations. Vehicle sales in FY2013 are considered unusually high and are unlikely to be repeated in FY2014.

The New Zealand tourism businesses are showing growth in arrivals including positive growth to Waitomo from the China market.

Meanwhile, the RVMG joint venture manufacturing business has produced the new KEA product in line with budgeted cost expectations and production volumes are in line with forecast thus also creating growth for the half year.

A forecast for the half year will be provided at the Annual Meeting once the high season booking period is more certain.

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 under the Maui, Britz, Mighty, KEA, and United and Motek Vehicle Sales brands. In the USA we own and operate the Road Bear RV Rentals & 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. We also have a 50% stake in RV Manufacturing Group LP, New Zealand's largest campervan and specialist vehicle manufacturer based in Auckland.