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NZX RELEASE

TOURISM HOLDINGS LIMITED TRADING RESULTS SIX MONTHS ENDED 31 DECEMBER 2010

This report has been prepared in a manner that complies with generally accepted accounting practice and gives a true and fair view of the matters to which it relates. It is based on unaudited accounts.

The amounts presented have been prepared in accordance with New Zealand equivalents of International Financial Reporting Standards (NZIFRS).

December 2010- half-year NZ\$m; Up/down %; December 2009 half-year NZ\$m

Total Operating Revenue \$84.9m; Down 8%; \$92m

Operating loss from continuing operations before tax \$2.4m; Down 340%; \$1.0m profit

Plus tax on operating profit \$1.1m; Up 175%; \$0.4m

Operating loss after tax from continuing operations \$1.3m; Down 193%; \$1.4m profit

Profit from discontinued operations after tax \$nil; Down 0%; \$nil

Loss after tax attributable to members of the listed issuer; \$1.3m; Down 193%; \$1.4m profit

Earnings per share from continuing operations -1.3cps; Down 196%; 1.4cps

No dividend declared.

Maui
Britz
Backpacker
Explore More
Road Bear RV Rentals & Sales
Ci Munro
Maui Vehicle Sales
Kiwi Experience
Black Water Rafting
Waitomo Glowworm Caves
Ruakuri Cave



SUMMARY OF RESULTS

The after tax loss of \$1.3m compared to a prior corresponding period (pcp) profit of \$1.4m. The decline in profitability was made up of a revenue decline of 8% which was partially offset by a reduction in costs of 5%.

As advised in the February 4th market update the **thl** Board has determined there will be no dividend paid for the half year.

The recent issue with banking covenants has been positively resolved as announced on the 23rd February.

Revenue for the group was down 8% at \$84.9m, and excluding fleet sales revenue was down 4% at \$66.8m on the pcp.

Net debt increased to \$90.5m from \$36.5m at 30th June 2010 as a result of the Road Bear acquisition and increased fleet in Australia.

Ci Munro performance is on track and profitable with EBIT of \$0.8m compared to a loss of \$1.5m in the prior corresponding period (pcp).

The Road Bear Acquisition completed successfully on December 31st 2010.

OUTLOOK

The months of January and February are when a large number of European bookings are received for the 2011 travel year (especially in Australia). These weekly booking periods were down up to 35% on the previous year. We believe the natural disasters in Australia and associated media had a significant perception impact on both Australia and New Zealand as a travel destination.

We encourage Tourism Australia and the State Tourism Organisations to continue to positively promote those regions which were affected, and emphasise that they are operating normally from a tourism perspective.

United Kingdom

The United Kingdom is a primary market for **thl** and we have seen a double digit decline in revenue for two years in a row. Whilst **thl** did not expect this market to grow in the 2010-2011 year we did not anticipate a further double digit decline. Looking forward the Rugby World Cup and Hobbit movie are expected to be two events that will assist in the recovery in visitation from this market.



Rugby World Cup

Benefits from the Rugby World Cup will accrue to **thl** in the 2012 financial year. Bookings for the **thl** fleet are strong. We are expecting to reach capacity in the Rugby World Cup period.

Outlook Summary

The year end after tax loss is forecast at \$4.0m including \$1.0m of costs relating to the Road Bear acquisition.

The year end debt position is expected to be circa \$112m including \$37m related to the Road Bear acquisition and their increased fleet build which is at its peak in June.

OPERATIONAL COMMENTARY

Road Bear Business

The acquisition of the USA business “Road Bear RV Rentals and Sales” was completed successfully on December 31st 2010.

The booking period for the peak USA season of June to September has commenced positively and expectations are for the 2011 calendar performance of Road Bear to exceed the forecasted EBIT of USD \$2.1m by more than 20%.

The Road Bear business model is quite different from the current **thl** model with much greater flexibility in new vehicle delivery lead times. The period from order to delivery is less than half that of the Australian and New Zealand businesses. The strong bookings in January for the USA business from the European markets has provided an opportunity to increase the fleet for the high season based on the certainty of bookings already received. This increase in fleet is reflected in the forecast debt figures for June 30th 2011.

The business integration plan is on track with a new rebuilt website already functioning successfully and interest from **thl** trade customers in Road Bear.

New Zealand and Australian Rentals Business

The New Zealand Rentals EBIT loss of \$3.5m was \$1.4m higher than the pcp. This was driven by a trading revenue decline of \$2.5m as a result of very poor United Kingdom business for the half, compounded by lower Australian arrivals. Costs were reduced by \$1.1m compared to pcp.

The Australian EBIT profit of \$4.3m was down \$2.2m on the pcp. Revenue excluding fleet sales was down by \$0.2m and costs increased by \$2.0m. The cost increases relate to the increased fleet, increased cost per hour in labour (an Australian wide issue) and increased property costs



with key lease market reviews flowing into this period. The increase in insurance related repair costs has not abated and continues to be an area of focus and concern.

Vehicle Sales

Vehicle sales were down on last year by \$3.7m due to less vehicles being available for sale in the period following strong sales in May and June 2010.

Forecasts for the full year remain within expectations for volume and margin.

Tourism Operations Results

Revenue for the tourism businesses was flat on last year excluding the Fiji business now sold. The tourism businesses EBIT for the six months was down \$0.9m or 47%.

Kiwi Experience EBIT performance was in line with the pcp.

The Waitomo business had a slower than expected start to the food and beverage facility within the new building. Operating costs increased relative to the pcp with depreciation on the new building being the largest contributor. Visitation from Asian markets including South Korea and China increased significantly but were partially offset by lower UK , USA, and Australian visitors.

Media and trade attention on Waitomo and the new facilities has been pleasing with new leads, brochure exposure and recent bookings for the food and beverage business.

Ci Munro

EBIT profit for the six months of \$0.8m was pleasing when compared to the \$1.5m loss in the pcp.

Productivity improvements, Action Motor Bodies business performance and build cost reductions have been the primary drivers of the gains. The volume increase in Australian build assisted with first half profitability. Expectations remain for a small EBIT profit for the year.

Given the operational improvements in the business and improved profitability, the business is currently prototyping caravan designs with potential to re-enter this market in the 2012 financial year.



CHRISTCHURCH EARTHQUAKE UPDATE

We are pleased to reconfirm our Christchurch crew are safe. The Christchurch facilities are showing no damage and we are focused on ensuring tourists can continue their holiday as planned.

Priority for spare fleet will be given to Emergency Services requests.

Our hearts go out to everyone in the region during such a dreadful and difficult time.

Authorised by:

A handwritten signature in blue ink, appearing to read 'Keith Smith', is placed over a light yellow rectangular background.

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