



GROWING GLOBALLY

**FY-2017**

Annual Meeting 18 October 2017





Chairman's Address

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**Rob Campbell**

# Proxies and Postal Votes Received

- Valid proxy and postal votes 34.8M
- Proxy & postal as a percentage of ordinary shares on issue 28.9%
- Proxies received that have identified the Chairman of the meeting as proxy 23.1M

# Agenda

- Chairman's address
- Chief Executive Officer's address
- Question & answer
- Formal items of business
- General business
- Afternoon tea



## Chairman's Introduction

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- Progress on thinking globally, being platform focused and acting as leaders in what we do.
- December 2016 announcements have reset expectations for the future:
  - El Monte
  - Roadtrippers
  - Highway USA
  - NPAT \$50M FY20 goal
- Mindful of an operating environment of significant global political, technological and social change.
- **thl** today has increased diversity of earnings and flexibility.

# FY17 Financials

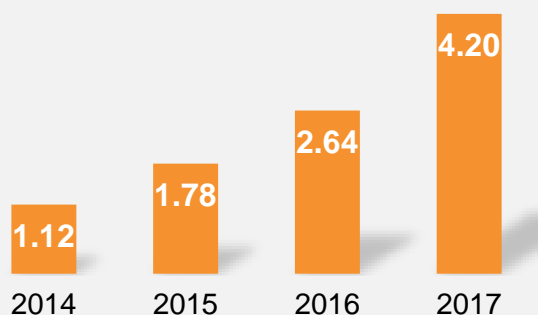
NZD \$M	FY17	FY16	VAR
Operating revenue	<b>340.8</b>	278.9	61.9
Earnings before interest and tax	<b>47.7</b>	38.7	9.0
Operating profit before tax	<b>43.7</b>	36.5	7.2
Profit after tax	<b>30.2</b>	24.4	5.8

- A record result.
- Future growth from:
  - Measured innovation;
  - Acquisition;
  - Internal improvement in process.

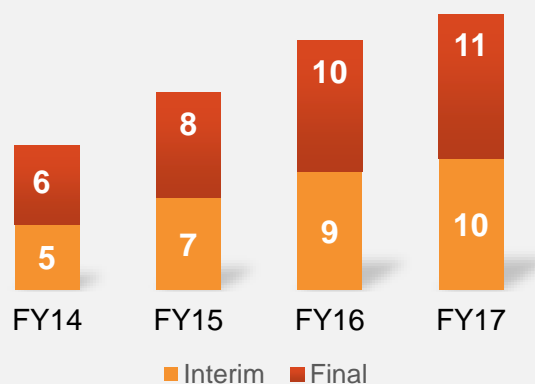
# Share Price and Returns

- Five year total shareholder returns are over 60% pa, or 1000% over 5 years<sup>1</sup>.
- \$30M NPAT originally targeted for FY19, achieved in FY17.
- Focus is on achieving new long-term target of \$50M in FY20.

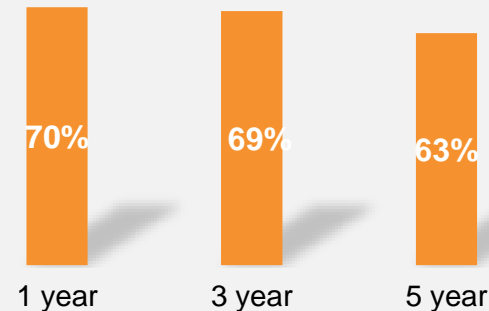
Share price (June 30)



Dividends (cps)



Total shareholder return per annum <sup>1</sup>



Note 1: Source Bloomberg, to period ended 30 June 2017. Assuming dividends reinvested in shares.



# Sustainability



Protect



Respect



Grow



# The Board



**Christina Domecq**

Resigned effective Dec 17



**Cathy Quinn**

Up for election



**Graeme Wong**

Up for re-election



**Gráinne Troute**

Up for re-election



**Debbie Birch**



**Rob Campbell**



**Kaye Howe**

# Chairman's Report – Closing Comments

- Investments in new initiatives are being closely managed.
- Ongoing development of the core business is a key focus.
- We will stay true to our values, including sustainability.





Chief Executive's Address

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**Grant Webster**

# FY17 Results Review

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Revenue  
to

**\$341M**

Up by 22%

Earnings before  
interest and tax

**\$47.7M**

Up by 23%

Net profit after tax

**\$30.2M**

Up by 24%

Return on average  
funds employed<sup>1</sup>

**14.3%**

Last year 15.1%

Earnings per  
share

**25.6c**

Up by 20%

Full year dividend

**21cps** (76% imputed)<sup>2</sup>

Up from 19cps (50%  
imputed)

Note 1: ROFE down on pcg due to half year of El Monte purchase, with off-season earnings (peak season is H1 for northern hemisphere). ROFE excluding El Monte was 16.7%.

Note 2: Interim dividend 10cps 50% imputed, final dividend 11cps, 100% imputed.

# FY17 Highlights

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Rentals NZ EBIT

**+57%**

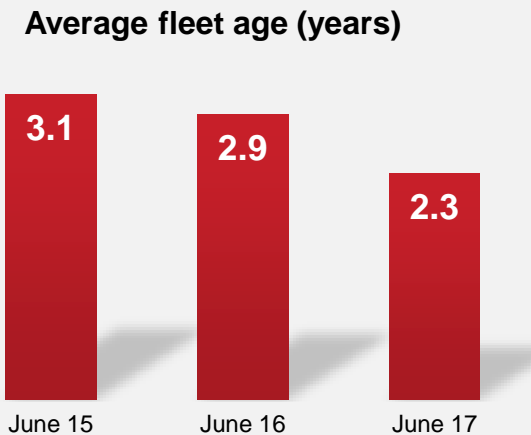
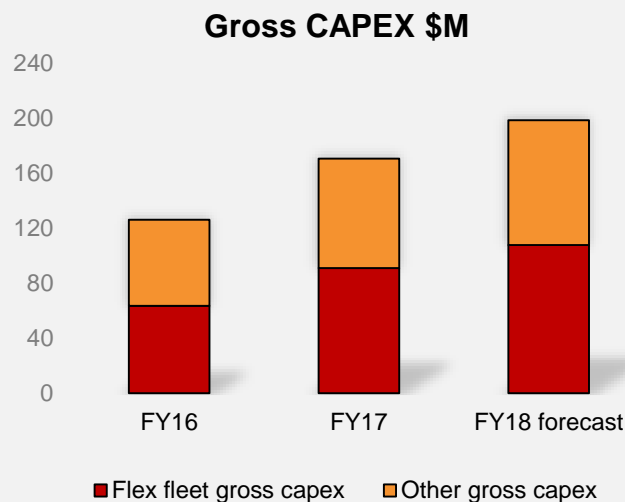
El Monte Acquisition

**NZ \$91 M**



# Balance Sheet

- Within current target Debt:EBITDA ratio of under 2.0x.
- Approximately \$200M gross CAPEX forecast for FY18.
- Over \$100M of gross CAPEX is flex fleet, sold within a 12-14 month timeframe.
- Fleet age (as at June) reduced to 2.3 years from 2.9 years in FY16 and 3.1 years in FY15.
- Plan to achieve \$50M NPAT by FY20 while maintaining dividend payout ratio in policy of 75%-90%.
- FY20 target Debt:EBITDA at around 1.8x.





# The Turnaround - A View on the Key Elements

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## MR ROFE

### Results Focus

- Start with the critical point, be disciplined with returns
- Strong push from the Board
- Every vehicle must deliver to ROFE
- Every business must deliver or have a clear achievable plan

## BRAVE GROWTH

### Risks With Assessment

- Entered the USA at the trough
- Consolidated the industry at the hardest time
- Never expanded without a plan B

## BUSINESS MODEL

### Continual Development

- Build Rent Sell
- Reduce the capital intensity
- Reduce the long-term risk

## OPERATIONS WIN

### It All Happens in the Day-to-Day, Not Strategy

- Understand the drivers well
- Stay customer centric
- Productivity and design

## LIKE MINDED

### Owner Operator Mentality

- Six owners still in the business today
- No one approach is right
- Situational leadership and integrity
- Fight like you are right and listen like you are wrong

## PEOPLE

### Crew, Board and Management

- Frontline crew focus is critical
- Board commitment has been strong
- Management has had to support change

## POSITIVE INDUSTRY THEMATIC



# New Initiatives

- **thl** focus on being a global player in the RV industry.
- ROFE focus remains critical.
- New initiatives, including Highway and Roadtrippers, required to develop globally.
- The impact of these investments was \$2.2M after tax NPAT (loss) in FY17.
- Similar loss expected FY18, but breakeven or small profits assumed by FY20.



# Roadtrippers and CamperMate

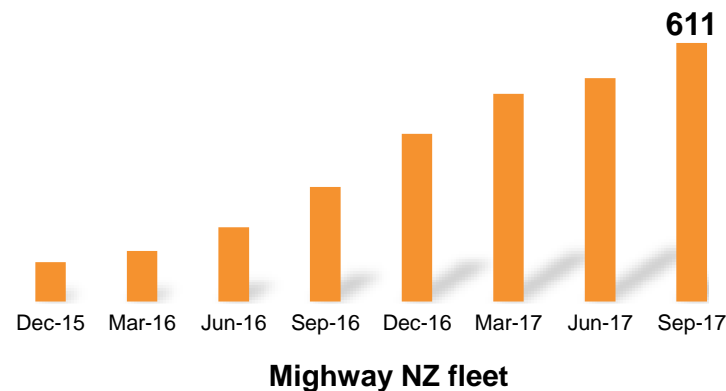
- Roadtrippers is the leading travel planning app in the USA.
- CamperMate is the leading travel app in New Zealand, and growing fast in Australia.
- Benefits are:
  - Digital touring services are a critical component of the self-drive experience.
  - Advertising opportunities.
  - Self-drive customer engagement.
  - Access to strong technology skills.



# Highway



- Highway NZ is two years old.
- Highway NZ now has one of the largest rental fleets in NZ, with over 600 units.
- USA in pilot, with over 300 fleet gained in six months.
- Highway provides access to the wider RV owner ecosystem.



# Investing in Technology

- We are investing in new platforms across the group:
  - Dynamics 365 ERP.
  - Cosmos RV booking, scheduling and fleet management platform.
  - Marketing automation software.
- We expect scale synergies benefits from these global systems.



# ABE and the RV Ecosystem



Combining **thl** innovation and IP to leverage the RV owner ecosystem



**A**sset Management helps owners to look after their prized possession, ensuring it is proactively serviced and maintained and providing peace of mind as to where their vehicle is at any given time.



Driver **B**ehaviour provides tools to educate and motivate the RV owner to drive safely.



On-road **E**xperience enriches the enjoyment RV users have whilst they are out on the road.



# Recognition

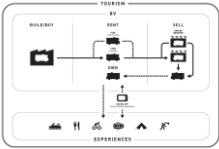
- Winner – Australasian Fleet Management Association Fleet Safety Award 2017.
- Finalists NZ Innovation Awards 2017
  - Mighway
  - GeoZone
- NZ Tourism Awards Industry Champion – finalist: Angus Stubbs, Black Water Rafting
- NZ Tourism Awards Visitor Experience Award – finalist: NZ Rentals
- Golden Backpack awards – Best transport operator – Kiwi Experience (2011-2016)



# Strategic Imperatives



Continue to build the base business



Leverage the RV eco-system



Innovate with technology



Do so sustainably



# Key Focus for FY18

Core Business	Leverage growth opportunities, continue flex fleet & operational focus.
El Monte	Progress the plan to integrate the business, renew the fleet and proposition and lift ROFE.
Highway	Complete USA pilot and assess the next phase. Grow the NZ customer base. Grow the owner integration model.
Technology	Implement the new generation booking and billing system and ERP system globally. Develop telematics. Complete and trial the EV prototype.
Customer	Deeper customer engagement through technology.
RV Ecosystem	Further expand retail and ancillary options for low capital growth.
Sustainability	Deliver to our materiality topics (refer sustainability report).
Joint Ventures	Ongoing review of three-year growth plans for all investments.

# Our People



**Ollie Farnsworth**  
GM Marketing & Revenue Management



**Travis Donoghue**  
GM Waitomo



**Data Team**

# El Monte

- Integration progressing well.
- Three key areas of focus:
  - ROFE
  - Utilisation
  - Vehicle sales
- Synergies are on track.
- Lower USA visitation; did hinder the high season.
- Positive response from the wholesale agent market, regarding the revitalised proposition.



# FX Translation

- Foreign earnings translated into NZD at average FX rate for the month.
- Exchange rate movements can create variances in reported NZD profits.
- Balance sheet partly hedged with debt, but earnings not hedged.
- Investors urged to assess earnings and metrics in local currency of the business unit.







# FY18 Outlook

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- No change to FY18 guidance.
- FX impact YTD of circa \$0.7M NPAT over Q1 – mainly USD.
- Underlying in-country earnings on track.
- NZ Rentals performed well in Q1.
- Slow first quarter for NZ Tourism.
- One-off tax issue to be resolved.

**\$36M-\$39M**

NPAT FY18

# Questions?





# Formal Items of Business







# Resolution 1

## Election of Catherine Quinn

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That Catherine Agnes Quinn (appointed as a Director by the Board on 7 September 2017) be elected as a Director of the Company.



## Resolution 2

### Re-election of Graeme Wong

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That Graeme Wong, who retires by rotation and is eligible for re-election, be re-elected as a Director of the Company.



## Resolution 3

### Re-election of Gráinne Troute

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That Gráinne Patricia Troute, who retires by rotation and is eligible for re-election, be re-elected as a Director of the Company.

# Resolution 4

## Director Remuneration

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That the maximum aggregate amount of remuneration payable to all Directors taken together (in their capacity as Directors) be increased from \$550,000 per annum to a maximum of \$650,000 per annum, with this sum available to be paid to the Directors of the Company as the Board considers appropriate and which may be payable either in whole or in part by way of an issue of ordinary shares in the Company, provided that any issue occurs in compliance with NZX Main Board Listing Rule 7.3.8.

# Resolution 5

## Remuneration of Auditors

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That the Directors are authorised to fix the remuneration of the auditors for the ensuing year.

# General Business





Thank you





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