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TOURISM HOLDINGS LIMITED (thl)

MARKET UPDATE

“Update on USA performance pre Annual Meeting ”

As previously indicated to the market, the USA vehicle sales market has been weaker over the past year than in previous years, and has impacted results accordingly. As part of the preparation for its 2019 Annual Meeting, **thl** has reviewed its FY20 financial forecast and concluded that if the most recent trend in the USA market continues throughout the remainder of FY20, it is likely to have a material impact on **thl's** FY20 net profit compared to market expectations. It is not clear whether or not this is a likely outcome as we will need to see the results of the North America springtime, a period when the peak retail buying season starts, but it is a possibility.

Within **thl's** USA business, the average vehicle sales margin in the first quarter of FY20 has been down approximately 40% on the prior year, while vehicle sales by units are in line with the prior year. Margin pressure is being driven by some large volume discounts in the wholesale market, and general retail price pressure. This is an issue across the market for all participants. **thl** is taking active steps to manage fleet and sales at all levels, and we consider that the business is performing well on a comparative basis.

Due to the current uncertainty and volatility in the USA market, **thl** will not be providing a specific guidance range for its FY20 result at the 2019 Annual Meeting.

If these market dynamics continued, then our current expectation is that the FY20 NPAT result would be below the FY19 ordinary NPAT (exclusive of non-recurring items) result of \$27.9M. The FY19 ordinary result excluded the impact of a non-recurring \$1.9M deferred tax benefit.

Beyond the USA business, expectations remain as previously indicated. Rental forward bookings in all businesses are positive into the 2020 calendar year, and are up year to date compared to the 2019 calendar year. Vehicle sales in New Zealand and Australia are broadly in line with expectations. No significant changes to prior performance are expected from the New Zealand tourism businesses.

Further details regarding **thl's** overall performance and business development progress will be provided at the 2019 Annual Meeting, which will be held at 2pm on Wednesday 23 October 2019 at the Heritage Hotel, Auckland.

Self drive Experiences	Design & Manufacturing	Guided Experiences
New Zealand	New Zealand	New Zealand
Australia	Australia	
USA		
UK		



ENDS

Authorised by:

A handwritten signature in blue ink, appearing to read 'Rob Campbell'.

Rob Campbell
Chairman, Tourism Holdings Limited

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About **thl** (www.thlonline.com)

thl is a global tourism operator. We are listed on the NZX and are the largest provider of RVs for rent and sale in Australia and New Zealand, and the second largest in North America. In the USA we own and operate the Road Bear RV Rentals & Sales brand and El Monte RV Rentals & Sales. **thl** is a 50:50 partner, along with Thor Industries Inc. - the largest RV manufacturer in North America (a NYSE listed entity), in the joint venture company Togo Group – Togo Group is a global digital platform for the RV industry; it owns and operates several brands including Roadtrippers, Highway and Togo RV. In the UK, **thl** owns 49% of Just go Motorhomes. 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. **thl** is a joint venture partner in Action Manufacturing LP, New Zealand's largest motorhome and specialist vehicle manufacturer.