# GROWING GLOBALLY

# FY–2018

INTERIM RESULTS PRESENTATION: 22 FEBRUARY 2018

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# Important Points to Note

**El Monte RV Acquisition**

- The purchase of the El Monte RV Rental and Sales business in the USA was effective from 1 January 2017, so there is no comparative result for the year ended 31 December 2016.
- Throughout this presentation we have shown the impact of the El Monte RV acquisition, where appropriate, to aid the understanding of the results.

**TH2 Joint Venture**

- On 16 February 2018, ***thl*** entered into an agreement to form a joint venture with Thor Industries, to be called TH2. Further information on this transaction is included later in this presentation, and in a separate presentation released to the NZX on 16 February 2018 and available at **www.thlonline.com**.
- The financial impact of TH2 on the full-year financial result for FY18 is subject to finalisation of fair value accounting and the exchange rates at the date of settlement.

**US Federal Taxation**

- In December 2017, a new federal corporate tax rate was enacted in the USA. Consequently, as at 1 January 2018, the corporate tax rate was reduced from 35% to 21%. This change has resulted in a non-recurring gain of NZD$1.8M related to the re-measurement of deferred tax assets and liabilities of the Group's US subsidiaries being recognised in the six month period ended 31 December 2017.
- Due to changes in the depreciation allowable for capital purchases under the new legislation, it is not expected that the Group will be required to pay income tax in the United States in the current year. As a result of this, the reduced corporate tax rate is effective for the Group's calculation of income tax expense in the current financial year.

**General**

- All financials in NZ dollars unless stated otherwise (throughout presentation).
- All comparisons are against prior corresponding period.
- The average NZD:AUD cross-rate (average of the six month rates) for H1 FY18 was 0.9395 (FY17 0.9767).
- The average NZD:USD cross-rate (average of the six month rates) for H1 FY18 was 0.7335 (FY17 0.7365).

# Financial Highlights H1 FY18

**Revenue**

**$209M**

Up by 43%

**Earnings before interest and tax**

**$33.3M**

Up by 78%

**Net profit after tax***

**$22.8M**

Up by 102%

**Earnings per share***

**18.9c**

Up by 95%

**Interim dividend**

**13cps**

**(50% imputed)**

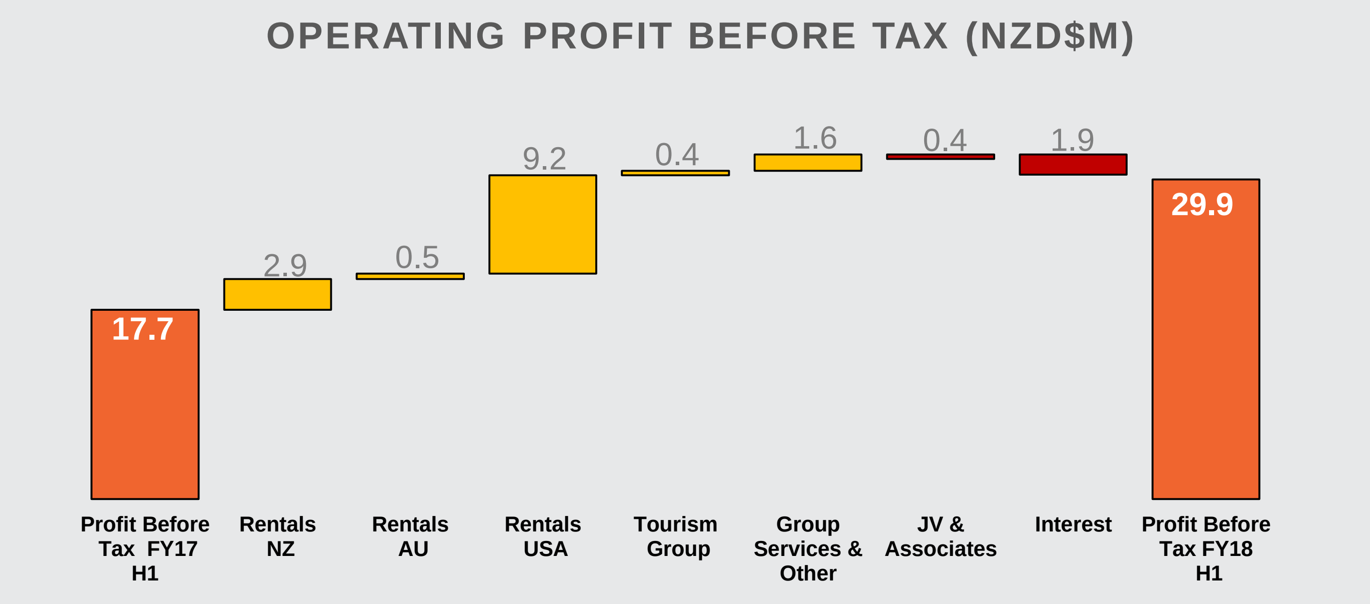
Up from 10cps (50% imputed)

* Including $1.8M non-recurring benefit of re-measurement of deferred tax balances

# Financial Highlights H1 FY18

- Strong growth, including first peak season El Monte RV result, which contributed EBIT of $9.5M.
- Rentals NZ has, again, been a standout performer, with EBIT growth of 78%.
- Continued growth in Rentals Australia in a competitive environment.
- Tourism results mixed, with Waitomo growing but Kiwi Experience down on prior year.
- Group Services and Other EBIT loss reduced by $1.6M.
- JV & associates – strong growth in Action Manufacturing, offset by Roadtrippers losses.
- Interest expense increase mainly due to the El Monte RV acquisition.

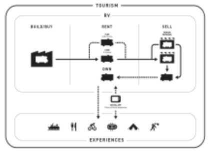
| NZD $M | FY18 H1 | FY17 H1 | VAR | VAR % |
|---|---|---|---|---|
| Operating revenue | **209.1** | 146.0 | 63.1 | 43% |
| Earnings before interest and tax | **33.3** | 18.7 | 14.6 | 78% |
| Operating profit before tax | **29.9** | 17.7 | 12.2 | 69% |
| Profit after tax | **22.8** | 11.3 | 11.5 | 102% |



# Key Achievements H1 FY18

## Strategic Imperatives

Continue to build the base business



Leverage the RV eco-system

Innovate with technology

Do so sustainably

- Positive growth in the base business:
  - EBIT, excluding El Monte RV, up 25%.
  - El Monte RV ahead of expectations.
- TH2 global joint venture with Thor announced 16 February. JV will use digital technology to leverage the RV ecosystem.
- Sustainability initiatives progressing, including electric vehicle (EV) trials. EECA grant awarded to develop EV and holiday parks' charging infrastructure.

# TH2 Key Highlights[1]

- On 16 February 2018, ***thl*** entered into an agreement to establish a 50:50 joint venture with Thor Industries, the leading RV manufacturer globally[2], to create a digital platform for RV owners to improve every aspect of RV ownership, including trip planning and booking, remote monitoring systems, roadside assistance, and peer-to-peer RV and campsite rental.

- The joint venture, TH2, has entered into an agreement to acquire 100% of Roadtrippers ("RT"), the US-based travel planning and travel data company (including RT's interest in the RT Australasia business, the 50:50 joint venture between ***thl*** and RT).

- ***thl*** will contribute approximately USD $2.5M cash in addition to its Mighway business, Cosmos (***thl***'s rental and RV industry platform), ***thl***'s shares in RT, ***thl***'s interest in the RT Australasia joint venture and other IP and 'know-how'.

- The cash contribution from Thor will be approximately USD $47M.

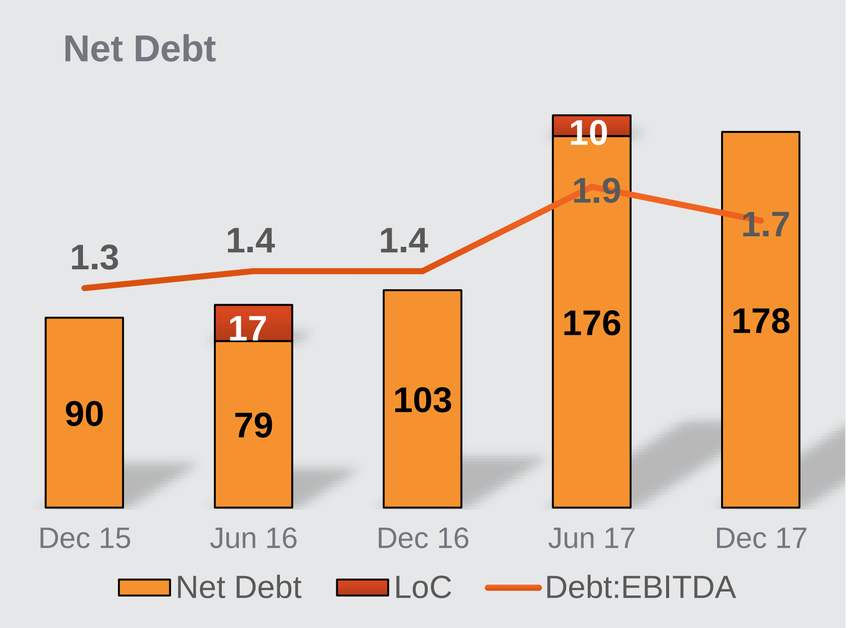
- The transactions are all expected to close around the end of February 2018, once Roadtrippers' shareholder approval has been obtained.


[1] For further detail, refer to the TH2 investor presentation released 16 February 2018, - available on the ***thl*** website and NZX.
[2] Based on volume, including Jayco USA.

# Balance Sheet

- Net debt, at 31 December 2017, of $178M, is level with June 2017 and below previous guidance of $200M. It is $75M higher than December 2016 due to the acquisition of El Monte RV.
- We continue to remain comfortable with debt levels and the debt:EBITDA ratio, which we aim to maintain at around 2.0x.
- The forecast of Net Debt at 30 June 2018 is ~$190M and Debt:EBITDA of ~1.7x.

| Net Debt | Debt : EBITDA[1] |
|---|---|
| $178M | 1.7X |
| last year | last year |
| $103M | 1.4X |




Note 1: Debt:EBITDA is calculated using a 12 month EBITDA. The June 2017 calculation used a proforma EBITDA for El Monte RV of $13M for the first six months of FY17. Debt used for the calculation includes the LoC outstanding and derivatives balance.

# Dividend

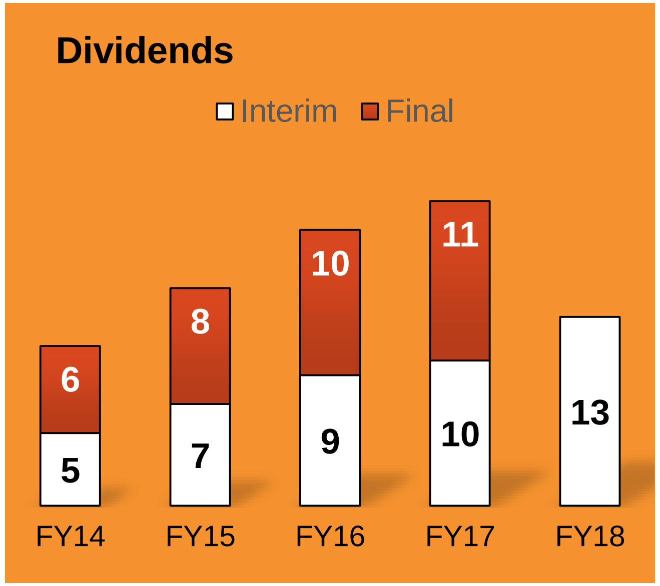
- Interim dividend is 50% imputed.
- Dividend will be eligible for the Dividend Reinvestment Plan, with an issue price at a 2% discount from the five day volume weighted share price after the record date.
- Record date and DRP election date: 4 April 2018.
- Payment date: 16 April 2018.

Interim Dividend

**13 cents**

per share 50% imputed

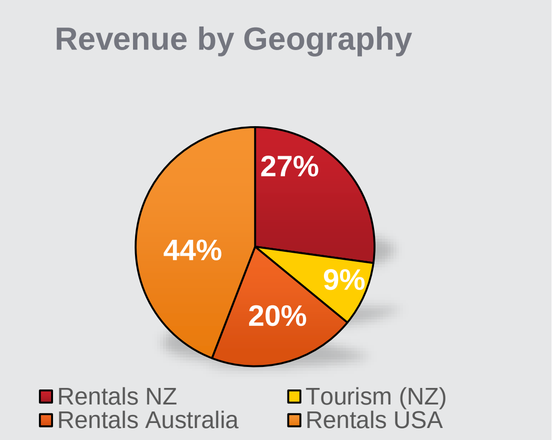
**+30%**

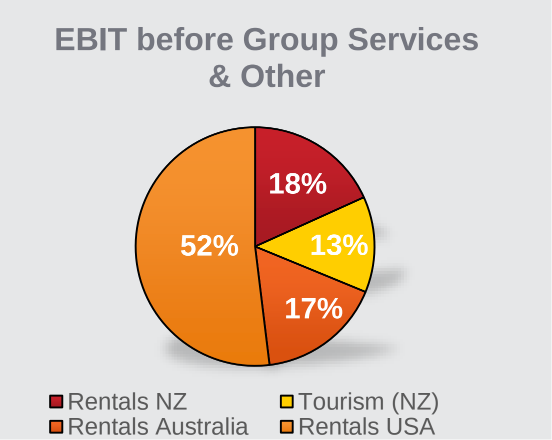


# DIVISIONAL REVIEW

# Divisional EBIT

| $M | FY18 | FY17 | Var | Var % |
|---|---|---|---|---|
| | 6 Months to December | | | |
| ***thl* Rentals** | | | | |
| New Zealand | 6.6 | 3.7 | 2.9 | 78% |
| Australia | 6.1 | 5.6 | 0.5 | 9% |
| USA - Road Bear | 9.3 | 9.6 | (0.3) | (3%) |
| USA - El Monte RV | 9.5 | - | 9.5 | |
| **Total Rentals** | **31.5** | **18.9** | **12.6** | **66%** |
| **Tourism Group** | **4.7** | **4.3** | **0.4** | **9%** |
| **Total operating divisions** | **36.2** | **23.2** | **13.0** | **56%** |
| Group Support Services & Other | (2.8) | (4.1) | 1.3 | (32%) |
| **EBIT before non-recurring Items** | **33.3** | **19.1** | **14.2** | **74%** |
| **Non-recurring items** | | | | |
| Profit on GeoZone Sale | | 1.3 | (1.3) | |
| Transaction Costs - El Monte RV Acquisition | | (1.6) | 1.6 | |
| **EBIT** | **33.3** | **18.7** | **14.6** | **78%** |




USA contributes the majority of EBIT in H1, due to seasonality.

Note: EBIT excludes earnings of JVs and Equity Investments

# Rentals NZ

## Continued strong performance

- Another very strong result, driven by a 16% increase in rental income, with approximately a 3% increase from the Lions' Tour in July (yield related).
- Lions' Tour contributed approximately $1M EBIT in July.
- Rental demand was good across the shoulder season and into peak. Both yield growth and hire days have contributed to the revenue growth.
- Operating costs have been well controlled. R&M costs have benefited from fleet maintenance performed in FY17 prior to the Lions' Tour.
- Vehicle sales market remains positive.
- Good peak summer bookings.
  H2 year-on-year EBIT growth will be impacted by around $0.5M due to Lions' Tour in June FY17.

### Half Year

| NZD $M | FY18 | FY17 | VAR | % |
|---|---|---|---|---|
| Rental income | **35.7** | 30.8 | 4.9 | 16% |
| Sale of goods | **21.1** | 18.6 | 2.5 | 13% |
| Costs | **(50.2)** | (45.7) | (4.5) | (10%) |
| **EBIT** | **6.6** | **3.7** | **2.9** | **78%** |

### Vehicle Fleet

| UNITS: | FY18 | FY17 | MOVEMENT | % |
|---|---|---|---|---|
| Opening Fleet July | **1,830** | 1,740 | 90 | 5% |
| Fleet Sales | **(174)** | (206) | 32 | 15% |
| Fleet Purchases | **721** | 640 | 81 | 13% |
| **Closing Fleet** | **2,377** | **2,174** | **203** | **9%** |

# Rentals Australia

## Incremental progress

- 4% growth in AUD EBIT.
- 4WD season has dragged on the H1 results. The utilisation and resulting ROFE on the 4WD fleet was below expectations.
- 8% increase in rental income achieved, mainly from increases in fleet and hire days.  Market remains competitive.
- R&M and accident repair costs continue to trend down.
- Our ***thl***-operated Melbourne RV Sales Centre continues to grow the number of units sold and is now the largest single retailer of used ***thl*** RVs in Australia.
- Fleet at 31 December up 12% on FY17, including summer flex fleet.

### Half Year

| NZD $M | FY18 | FY17 | VAR | % |
|---|---|---|---|---|
| Rental income | **34.2** | 30.3 | 3.9 | 13% |
| Sale of goods | **7.5** | 5.9 | 1.6 | 27% |
| Costs | **(35.6)** | (30.6) | (5.0) | (16%) |
| **EBIT** | **6.1** | **5.6** | **0.5** | **9%** |

### Half Year

| AUD $M | FY18 | FY17 | VAR | % |
|---|---|---|---|---|
| Rental income | **32.1** | 29.6 | 2.5 | 8% |
| Sale of goods | **7.0** | 5.7 | 1.3 | 23% |
| Costs | **(33.4)** | (29.8) | (3.6) | (12%) |
| **EBIT** | **5.7** | **5.5** | **0.2** | **4%** |

### Vehicle Fleet

| UNITS: | FY18 | FY17 | MOVEMENT | % |
|---|---|---|---|---|
| Opening Fleet July | **1,525** | 1,323 | 202 | 15% |
| Fleet Sales | **(363)** | (255) | (108) | (42%) |
| Fleet Purchases | **430** | 348 | 82 | 24% |
| **Closing Fleet** | **1,592** | **1,416** | **176** | **12%** |

# Rentals USA – Road Bear

## A solid result

- A flat result in USD after additional costs of USD$0.5M to settle a legal issue.
- NZD$0.3M negative impact of FX rates compared with the prior year.
- Rental income was up 6% against a reported drop in international visitor spending in the USA of 3%.[1]
- Operating costs well controlled. Growth in costs of 18% due to legal settlement and higher vehicle sales volumes.
- Record vehicle sales volume in a strong market for RV sales.
- Closing fleet at December up, due to timing of new season purchases earlier than last year.
- Early indications of 2018 peak season are positive.
- Orlando property has been sold, with settlement in March 2018. A small gain on sale will be reflected in the year end results.

### Half Year

| NZD $M | FY18 | FY17 | VAR | % |
|---|---|---|---|---|
| Rental income | **18.6** | 17.8 | 0.8 | 4% |
| Sale of goods | **29.8** | 24.7 | 5.1 | 21% |
| Costs | **(39.1)** | (32.9) | (6.2) | (19%) |
| **EBIT** | **9.3** | **9.6** | **(0.3)** | **(3%)** |

### Half Year

| USD $M | FY18 | FY17 | VAR | % |
|---|---|---|---|---|
| Rental income | **13.9** | 13.1 | 0.8 | 6% |
| Sale of goods | **21.8** | 18.2 | 3.6 | 20% |
| Costs | **(28.6)** | (24.2) | (4.4) | (18%) |
| **EBIT** | **7.1** | **7.1** | **(0.0)** | **0%** |

### Vehicle Fleet

| UNITS: | FY18 | FY17 | MOVEMENT | % |
|---|---|---|---|---|
| Opening Fleet July | **773** | 698 | 75 | 11% |
| Fleet Sales | **(427)** | (373) | (54) | (14%) |
| Fleet Purchases | **110** | 10 | 100 | 1000% |
| **Closing Fleet** | **456** | **335** | **121** | **36%** |

[1] US Travel Association, Jan 2018. Year to November 2017.

# Rentals USA – El Monte RV

## Positive progress to plan

- The result, overall, is ahead of our targeted USD$6.6M for the calendar year 2017 (actual was USD$7.2M).
- The travel agent market has responded well to the newer vehicle proposition.
- Utilisation has increased, as planned, with the lower fleet and focus.
- Vehicle sales since acquisition have performed ahead of expectations - 615 sold, including all of the older fleet. The sales market remains strong and margins have been good.
- The average age of the remaining fleet remains at 2.4 years, compared with 3.7 years at acquisition.
- Operating costs have been well controlled. The expected synergies and lower R&M costs due to the newer fleet have been achieved.
- Some planned property synergies replaced with revenue opportunities from RV storage, by retaining properties. First joint El Monte RV-Road Bear site operating from March.

**Half Year[1]**

| NZD $M | FY18 |
|---|---|
| Rental income | 29.0 |
| Sale of goods | 14.7 |
| Costs | (34.2) |
| **EBIT** | **9.5** |

**Half Year**

| USD $M | FY18 |
|---|---|
| Rental income | 21.6 |
| Sale of goods | 11.1 |
| Costs | (25.5) |
| **EBIT** | **7.2** |

**Vehicle Fleet**

| UNITS: | FY18 |
|---|---|
| Opening Fleet July | 1,290 |
| Fleet Sales | (261) |
| Fleet Purchases | 0 |
| **Closing Fleet** | **1,029** |

Note 1: No prior year comparison, as acquisition occurred on 1 Jan 2017.

# El Monte RV Scorecard Update

*An update on the goals we set in December 2016*

| | | |
|---|---|---|
| Utilisation | **Goal: Increase utilisation**<br>Utilisation for H1 FY18 has improved by 20% over the prior year. | ✓ |
| ROFE | **Goal: Achieve 19% ROFE by FY20**<br>EBIT ahead of forecast. Funds employed below forecast. | On track |
| Synergies | **Goal: Property synergies realised by July 2018**<br>Some planned property synergies replaced with storage rental opportunities.<br>First joint Road Bear – El Monte RV site at Orlando commencing from March. | On track |
| Fleet Sales | **Goal: 390 sales, including all inventory fleet, by Sept 2017**<br>495 sales achieved by September | ✓ |
| 2017 EBIT | **Goal: CY EBIT of approximately USD$6.6M for 2017**<br>Calendar year EBIT was USD$7.2M. | ✓ |
| *thl* Debt Forecast | **Goal: Forecast debt at December 2017 of approximately $205M**<br>December 2017 actual net debt was $178M. | ✓ |

# Tourism

## Mixed results
## - Waitomo up, Kiwi Experience down

- Waitomo has continued to perform well. Visitor growth has exceeded overall inbound visitor growth (5%) for H1.  The Chinese, Korean and UK markets have shown strong growth.  Visitation from Australia and NZ domestic has also shown positive growth.  USA visitor growth was flat following a reduction in air capacity across the off-season.
- The peak season running into H2 has started positively for Waitomo.
- The Kiwi Experience EBIT was below expectations and down on the prior year.  Inbound arrivals of youth backpackers from the UK and Europe are down on last year.

**Half Year**

| NZD $M | FY18 | FY17 | VAR | % |
|---|---|---|---|---|
| Revenue | **18.3** | 17.7 | 0.6 | 3% |
| Costs | **(13.6)** | (13.4) | (0.2) | (1%) |
| **EBIT** | **4.7** | **4.3** | **0.4** | **9%** |

# Equity Investments

**Half Year**

| NZD $M | FY18 | FY17 | VAR | % |
|---|---|---|---|---|
| Action Manufacturing | **1.73** | 1.24 | 0.49 | 40% |
| Just Go | **0.28** | 0.34 | (0.06) | (17%) |
| Roadtrippers | **(1.05)** | (0.17) | (0.88) | 517% |
| **Total** | **0.96** | **1.41** | **(0.45)** | **(32%)** |

### Equity Investment Reporting

- These part-owned businesses are not controlled by ***thl*** and are equity accounted. The results are not reported in the Earnings Before Interest and Tax (EBIT).

### Action Manufacturing (50%)

- A positive start to the year driven by production efficiencies.
- Australian opportunities in ambulances and other transport vehicles coming to fruition, with a full order book for H2.

### Just go (49%)

- Result impacted by weaker GBP after Brexit. NPAT in GBP down 9%. Good rental income growth offset by higher costs to scale for expanding fleet.
- Expected improved result across H2 from retail vehicle sales.

### Roadtrippers (23% USA, 50% Australasia)

- Roadtrippers' losses arising from ongoing business development. Expected to be fully owned by TH2 JV from 1 March.
- Positive progress on development of Roadtrippers' data product, CamperMate user growth and impending launch of Roadtrippers in NZ and AU.

# Group Support Services & Other

- This segment includes Group Support Services and Mighway in FY18, and GeoZone in FY17.
- The Mighway pre-tax loss for the half year was $1.4M (FY17 $1.0M). This reflects the ongoing development of this business, including the launch in the USA.
- Group Support Services costs have been well controlled.
- Mighway NZ has continued to progress, with over 700 owners on the platform. Revenue has grown by over 150% on the pcp.
- The USA pilot has progressed with owner acquisition, but demand generation across the peak was slow.
- Group Support Services last year included a profit on the sale of GeoZone to Roadtrippers and transaction costs in relation to the El Monte RV and Roadtrippers transactions.

| **Half Year**<br>NZD $M | **FY18** | **FY17** | **VAR** | **%** |
|---|---|---|---|---|
| | | | | |
| Revenue | **0.2** | 0.3 | (0.1) | (36%) |
| Costs | **(3.0)** | (4.4) | 1.4 | 32% |
| **EBIT before non-recurring items** | **(2.8)** | **(4.1)** | **1.3** | **(30%)** |
| Profit on sale of GeoZone | | **1.3** | **(1.3)** | |
| Transaction costs | | **(1.6)** | **1.6** | |
| **EBIT after non-recurring items** | **(2.8)** | **(4.4)** | **1.6** | **37%** |

# FY18 FOCUS

# Key Focus for FY18 - Progress

| | FOCUS | UPDATE |
|---|---|---|
| Core Business | Leverage growth opportunities, continue flex fleet & operational focus. | On track. H1 FY18 EBIT growth excluding El Monte RV was 25%. |
| El Monte RV | Progress the plan to integrate the business, renew the fleet and proposition and lift ROFE. | Progressing well. |
| Mighway | Complete USA pilot and assess the next phase. Grow the NZ customer base. Grow the owner integration model. | Working well in NZ. To move into TH2, with opportunity to accelerate US growth. |
| Technology | Implement the new rental system and ERP system globally. Develop telematics. | Rental & RV industry platform (Cosmos) progressed and moves into TH2. ERP system in place NZ and AU. |
| Customer | Deeper customer engagement through technology. | Programmatic marketing tool implemented in NZ and AU markets. |
| RV Ecosystem | Further expand retail and ancillary options for low capital growth. | 86% growth in non-fleet vehicle contribution. TH2 formed to take digital offerings to the wider RV community. |
| Sustainability | Deliver to our materiality topics (refer inaugural sustainability report). Complete and trial the electric vehicle (EV) prototype. | Progressing – see separate slide. EV trial under way. |
| Joint Ventures | Ongoing review of three-year growth plans for all investments. | Growth forecast in joint ventures/associates. |

# Sustainability Initiatives

EV prototypes under way | EEECA funding granted | Kiwipledge launched | Mauri assessment completed

**Emissions & Climate Change**

- Energy and water audits completed in NZ.
- Two electric vehicle prototypes under way.
- EECA funding granted for EV and holiday parks infrastructure.
- Share e-bikes for ***thl*** crew.
- Kiwi Experience emissions dropped 5%.
- Audit verification that ***thl*** has measured its greenhouse gas emissions for the 2016/17 in accordance with the mandatory requirements of ISO14064-1:2006.

**Positive Communities**

- Initial Mauri model community assessment in Waitomo completed in December 2017, awaiting test results Q1 2018.
- 280kgs of waste removed from Westport beaches.
- Initiation of monthly volunteering team event to help pack lunches for schools, as part of the Eat My Lunch programme, to help underprivileged children.
- Contribution to multiple charities supported by ***thl*** crew including Movember, SPCA, KidsCan, Kiwi Encounter, Breast Cancer Foundation.

**Crew & Staff**

- Wellbeing initiatives programme at Rentals NZ, including water wellness month and additional 'how are we feeling' pulse checks.
- Launch of new leadership training programme.
- No crew notifiable incidents.

**Responsible Travel**

- Kiwipledge.co.nz prototype developed & launched to create more awareness for a responsible way of traveling in a fun, engaging way.
- Freedom camping infringement trial is continuing.
- Freedom camping video trial on CamperMate.
- Kiwi Experience continued focus on safe driver education.

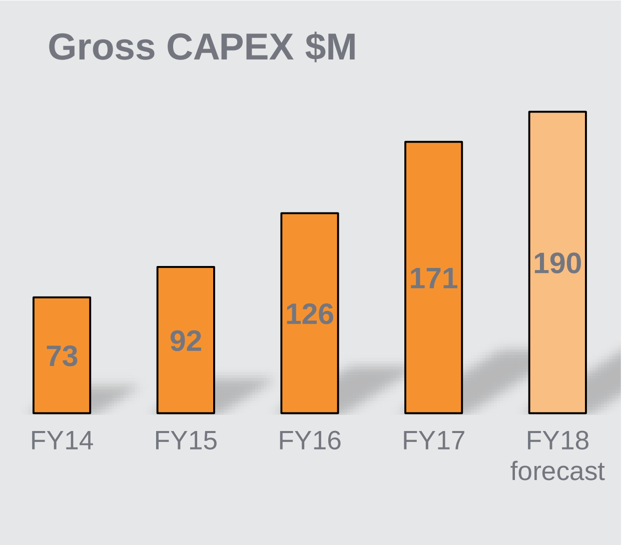
**Shareholder Satisfaction**

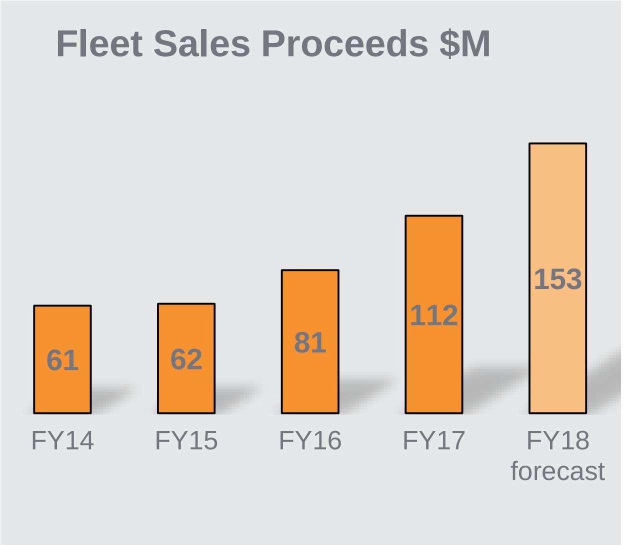
- Share price increase last 52 weeks over 50%[1]
- Interim dividend lifted 30%.

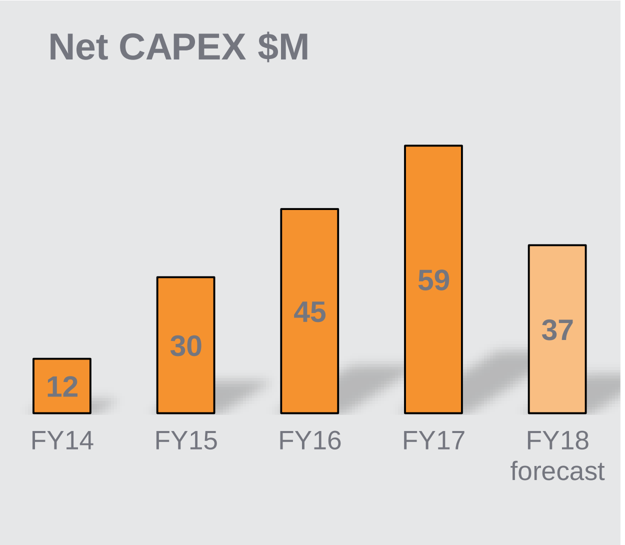
[1] Source: NZX 20 Feb 2018

# OUTLOOK

# Capital Expenditure FY18




- Gross CAPEX for FY18 forecast at approximately $190M, down $10M on prior forecast mainly due to USD FX rate ($3M) and lower US fleet costs.
- Most of growth in gross CAPEX on FY17 relates to El Monte RV, as we progress the reduction in the age of the fleet.
- Fleet vehicle sales forecast at $153M, down on prior forecast of $160M, partly due to USD FX rate ($3M). Most of the year-on-year increase is from El Monte RV and Road Bear.
- Net CAPEX forecast at $37M. Reduction on FY17 due to Road Bear, El Monte RV and Rentals Australia.

Note: Fleet purchased under buyback arrangements are not treated as fixed assets additions/sales, but are treated as operating leases under IFRS reporting. For the purposes of the above, the purchases and sale values under buy-back arrangements are included.

# FY18 Full Year Guidance

- Previous guidance for FY18 was in the range of $36M-$39M. This has been updated to $36M-$40M before non-recurring items.
- There are two non-recurring items that will impact FY18:
  - The change in measurement of deferred tax arising from the change in US tax rates of NZD$1.8M.
  - The non-cash gain arising from the contribution of assets to the TH2 JV. This gain will be subject to final fair value accounting and the NZD:USD FX rate at the time of settlement. This gain is estimated at NZD $17.3M. Further detail of this gain is provided in the TH2 investor presentation released on 16 February 2018.

| NPAT Forecast | Low | High |
|---|---|---|
| **Previous guidance** | **$36M** | **$39M** |
| Lower US tax expense FY18 | $2M | $2M |
| Trading update including TH2 | ($2M) | ($1M) |
| **NPAT forecast before non-recurring** | **$36M** | **$40M** |
| Deferred tax re-measurement | $2M | $2M |
| TH2 gain on contribution to JV | $17M | $17M |
| **NPAT forecast after non-recurring** | **$55M** | **$59M** |

**$36M-$40M**

**NPAT FY18 before non-recurring items**

**$55M-$59M**

**NPAT FY18 including non-recurring items**

# SUPPORTING ANALYSIS

# Income Statement Summary

| $M | FY18 | FY17 | Var | Var % |
|---|---|---|---|---|
| | 6 Months to December | | | |
| Revenue from services | 136.0 | 96.8 | 39.2 | 40% |
| Revenue from sale of goods | 73.1 | 49.2 | 23.9 | 49% |
| **Total revenue** | **209.1** | **146.0** | **63.1** | **43%** |
| Costs | 153.2 | 110.2 | (43.0) | (39%) |
| **EBITDA** | **55.9** | **35.8** | **20.1** | **56%** |
| Depreciation & amortisation | 22.6 | 17.1 | (5.5) | (32%) |
| **EBIT** | **33.3** | **18.7** | **14.6** | **78%** |
| Interest | (4.4) | (2.4) | (2.0) | 83% |
| Share of Joint Ventures | 1.4 | 1.2 | 0.2 | 17% |
| Share of Associates | (0.4) | 0.2 | (0.6) | (300%) |
| **Profit before taxation** | **29.9** | **17.7** | **12.2** | **69%** |
| Taxation | (7.1) | (6.4) | (0.7) | 11% |
| **Profit attributable to *thl* shareholders** | **22.8** | **11.3** | **11.5** | **102%** |
| Basic EPS | 18.9 | 9.7 | 9.2 | 95% |

# Revenue

| $M | FY18 | FY17 | Var | Var % |
|---|---|---|---|---|
| | 6 Months to December | | | |
| ***thl* Rentals - Rental Revenue** | | | | |
| New Zealand | 35.7 | 30.8 | 4.9 | 16% |
| Australia | 34.2 | 30.3 | 3.9 | 13% |
| USA - Road Bear | 18.6 | 17.8 | 0.8 | 5% |
| USA - El Monte RV | 29.0 | | 29.0 | n/a |
| | **117.6** | **78.9** | **38.7** | **49%** |
| ***thl* Rentals - Sale of Goods** | | | | |
| New Zealand | 21.1 | 18.6 | 2.5 | 13% |
| Australia | 7.5 | 5.9 | 1.6 | 27% |
| USA - Road Bear | 29.8 | 24.7 | 5.1 | 21% |
| USA - El Monte RV | 14.7 | | 14.7 | n/a |
| | **73.1** | **49.2** | **23.9** | **49%** |
| Tourism Group | 18.3 | 17.6 | 0.7 | 4% |
| Other | 0.2 | 0.3 | (0.1) | (46%) |
| **Total Revenue** | **209.1** | **146.0** | **63.1** | **43%** |
| **Split** | | | | |
| Australia | 41.7 | 36.2 | 5.5 | (15%) |
| USA | 92.2 | 42.5 | 49.7 | 117% |
| NZ and other | 75.2 | 67.3 | 7.9 | 12% |
| | **209.1** | **146.0** | **63.1** | **43%** |
| **Revenue Split** | | | | |
| Sale of Services | 136.0 | 96.8 | 39.2 | 40% |
| Sale of Goods | 73.1 | 49.2 | 23.9 | 49% |
| | **209.1** | **146.0** | **63.1** | **43%** |
| **Revenue excl. El Monte RV** | **165.3** | **146.0** | **19.3** | **13%** |

# Divisional Review

| $M | 6 Months Ended 31 December 2017 REVENUE | DIVISIONAL EBIT | AVE FUNDS EMPLOYED | OPERATING CASHFLOW[1] | 6 Months Ended 31 December 2016 REVENUE | DIVISIONAL EBIT | AVE FUNDS EMPLOYED | OPERATING CASHFLOW* |
|---|---|---|---|---|---|---|---|---|
| Rentals New Zealand | 56.8 | 6.6 | 137.8 | (30.3) | 49.4 | 3.7 | 125.0 | (23.5) |
| Rentals Australia | 41.7 | 6.1 | 83.2 | (5.6) | 36.2 | 5.6 | 63.5 | (1.9) |
| Road Bear | 48.5 | 9.3 | 37.1 | 25.4 | 42.5 | 9.6 | 37.8 | 25.1 |
| El Monte RV | 43.7 | 9.5 | 82.0 | 18.7 | | | | |
| Rentals USA total | 92.2 | 18.8 | 119.1 | 44.1 | 42.5 | 9.6 | 37.8 | 25.1 |
| Tourism Group | 18.3 | 4.7 | 24.3 | 5.8 | 17.6 | 4.3 | 26.6 | 5.5 |
| Group Support Services/Other | 0.2 | (2.8) | (3.4) | (4.6) | 0.3 | (4.1) | (1.5) | (5.8) |
| Non-recurring Items | - | - | - | - | - | (0.4) | - | (0.3) |
| ***thl* 100% owned entities** | **209.1** | **33.3** | **361.0** | **9.4** | **146.0** | **18.7** | **251.4** | **(0.9)** |
| Joint Ventures | | 1.4 | 7.3 | | | 1.2 | 3.6 | |
| Associates | | (0.4) | 11.4 | | | 0.2 | 5.3 | |
| **Group Total** | **209.1** | **34.3** | **379.7** | **9.4** | **146.0** | **20.1** | **260.3** | **(0.9)** |

Note 1: Operating cashflow includes the sale and purchase of rental assets.

# EBITDA

| | 6 Months to December | | | |
|---|---|---|---|---|
| **$M** | **FY18** | **FY17** | **Var** | **Var %** |
| **EBIT** | **33.3** | **18.7** | **14.6** | **78%** |
| **Add back non-cash items:** | | | | |
| Amortisation | 0.7 | 0.8 | (0.1) | |
| Depreciation | 21.9 | 16.3 | 5.6 | |
| **EBITDA** | **55.9** | **35.8** | **20.1** | **56%** |

# Balance Sheet

| | As at | | |
|---|---|---|---|
| **$M** | **Dec 17** | **Dec 16** | **Var** |
| Equity | 212.2 | 174.7 | 37.5 |
| Non current liabilities | 194.5 | 127.9 | 66.6 |
| Current liabilities | 99.0 | 61.8 | 37.2 |
| **Total source of funds** | **505.7** | **364.4** | **141.3** |
| Intangible assets and goodwill | 42.2 | 20.2 | 22.0 |
| Investments in associates and joint ventures | 10.5 | 16.2 | (5.7) |
| Property, plant and equipment | 336.9 | 254.1 | 82.8 |
| Current assets | 116.2 | 73.9 | 42.3 |
| **Total use of funds** | **505.7** | **364.4** | **141.3** |
| Net debt position | 178.4 | 103.0 | 75.4 |
| Net tangible assets (NTA) | 170.1 | 154.5 | 15.6 |
| NTA per share | $1.41 | $1.33 | |
| Book value of net assets per share | $1.75 | $1.51 | |
| Debt / debt + equity ratio (net of Intangibles) | 51% | 40% | |
| Equity ratio (net of Intangibles) | 37% | 45% | |
| AUD exchange rate at period end | 0.9336 | 0.9868 | |
| USD exchange rate at period end | 0.7296 | 0.7161 | |

# Gain on Vehicle Sales and Gross Profit

| $M | FY18 | FY17 | Var | Var % |
|---|---|---|---|---|
| | 6 Months to December | | | |
| **Gain on sales of motorhome fleet before selling costs** | **9.9** | **7.2** | **2.7** | **38%** |
| Vehicle sales costs (warranty only)[1] | 0.6 | 0.2 | 0.4 | 200% |
| **Gain on sales of motorhome fleet after selling costs** | **9.3** | **7.1** | **2.2** | **31%** |
| Gross profit on non-fleet vehicles, retail and accessory sales | 2.0 | 1.1 | 0.9 | 82% |
| **Reported gross profit** | **11.3** | **8.1** | **3.2** | **40%** |
| **Total average gain on sale ($000) after selling costs** | **9.1** | **9.7** | **(0.6)** | **(6%)** |
| **Fleet motorhomes sold (incl writeoffs)** | | | | |
| AU | 154 | 150 | 4 | 3% |
| NZ | 174 | 206 | (32) | (16%) |
| US | 688 | 373 | 315 | 84% |
| **Total fleet motorhomes sold (units)** | **1,016** | **729** | **287** | **39%** |
| **Flex fleet sales on buy-backs excluded from above** | | | | |
| AU | 209 | 105 | | |
| **Real Depreciation Rates per annum [2]** | | | | |
| AU | 8-9% | | | |
| NZ | 6-7% | | | |
| US (under 18 months) | <0% | | | |
| US (other) | ~4% | | | |

Note 1: There has been a change in reporting of vehicle selling costs in the financial statements from those presented in December 2016. R&M costs, previously reported as selling costs, are now included in operating costs. This was required following the El Monte RV transaction and it is considered more meaningful to group all R&M costs under operating expenses.

Note 2: Real depreciation is calculated the difference between the sale price and the original cost, divided by the original cost, averaged over the number of years between purchase and sale. The rates above are the average rate for all vehicles sold in the year.

# END