
FY19
FULL YEAR RESULTS
PRESENTATION
our
view
today


goes
on
forever

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Important notes

General

- All financials are in NZ dollars unless stated otherwise (throughout presentation).
- All comparisons are against prior corresponding period.
- The average NZD:AUD cross-rate (average of the 12 month rates) for FY19 was 0.9383 (FY18 - 0.9420).
- The average NZD:USD cross-rate (average of the 12 month rates) for FY19 was 0.6720 (FY18 - 0.7313).
- Return On Funds Employed (ROFE) is a non-GAAP measure that ***thl*** uses to measure performance of business units, and the Group, in relation to the financial resources utilised. ROFE is calculated as EBIT divided by average monthly net funds employed. Net funds employed are measured as total assets, less non-interest bearing liabilities and cash on hand. The calculation is done in NZ dollars.
- The balance sheet is converted at the closing rate as at 30 June 2019. The USD cross rate used was 0.6694 (FY18 - 0.6741); the AUD cross rate used was 0.9561 (FY18 - 0.9180) and the GBP cross rate was used was 0.5284 (FY18 - 0.5158).
- The 2019 financial year includes the first full-year result for Togo Group (formerly branded as TH2), which was formed on 1 March 2018. It also includes a one-off gain of $1.9M relating to a one-off deferred tax benefit in the USA.
- The 2018 financial year includes one-off gains of $23.1M (net of transaction costs) relating to the contribution of assets by ***thl*** to Togo Group upon its formation, and $1.8M relating to a one-off deferred tax benefit in the USA.

Future-Fit
Business Benchmark

A Future-Fit Business is one which is expected to contribute to a Future-Fit Society. A Future-Fit Society protects the possibility that humans and other life will flourish on Earth by being environmentally restorative, socially just and economically inclusive.

Our intent is to become a Future-Fit Business.

Summary

- A record-breaking result from an EBIT perspective for our Rentals New Zealand, Rentals Australia and Waitomo businesses.
- Overall FY19 ordinary net profit after tax down 26%, largely driven by investment in Togo Group.
- A strong and growing global rentals business:
  - Global rental income growth of 9%.
  - Cost per hire day reduced by 1%.
- The USA business was down, primarily due to vehicle sales volumes decreasing 34% on the prior year. The USA vehicle sales market remains a primary area of focus for us in FY20. Refer to the ***thl*** USA review presentation released on 27 May 2019.
- We have commenced our journey to become a Future-Fit Business.
- Strong balance sheet post capital raise.
- Togo Group opportunity remains substantial.

Year in review

As at 30 June 2019

REVENUE
$423M -1%
(2018 - $426M)

FINAL DIVIDEND[1]
14CPS
(2018 - 14CPS)

NET PROFIT AFTER TAX (NPAT)[2]
$29.8M -52%
(2018 - $62.4M)

OPERATING PROFIT BEFORE FINANCING COSTS AND TAX (EBIT)[2]
$62.1M -28%
(2018 - $86.6M)

TOTAL FLEET[3]
6,413 +12%
(2018 – 5,731)

ORDINARY NPAT
$27.9M -26%
(2018 - $37.5M)

INVESTMENT IN TOGO GROUP[4]
$12.8M
(2018 - $2.7M)

NET DEBT[5]
$202M +2%
(2018 - $199M)

1 Fully imputed in 2018; 50% in 2019.
2 EBIT and NPAT inclusive of non-recurring items.
3 Year-end fleet quantity.
4 Represents *thl*'s share of NPBT losses. FY18 losses are for the four-month period from 1 March 2018.
5 Net Debt includes $30M proceeds from CITIC placement received on 24 June 2019.

What is the Future-Fit Business Model?

- The Future-Fit Business (FFB) model measures a business from a broader perspective than that which businesses have been measured against historically.

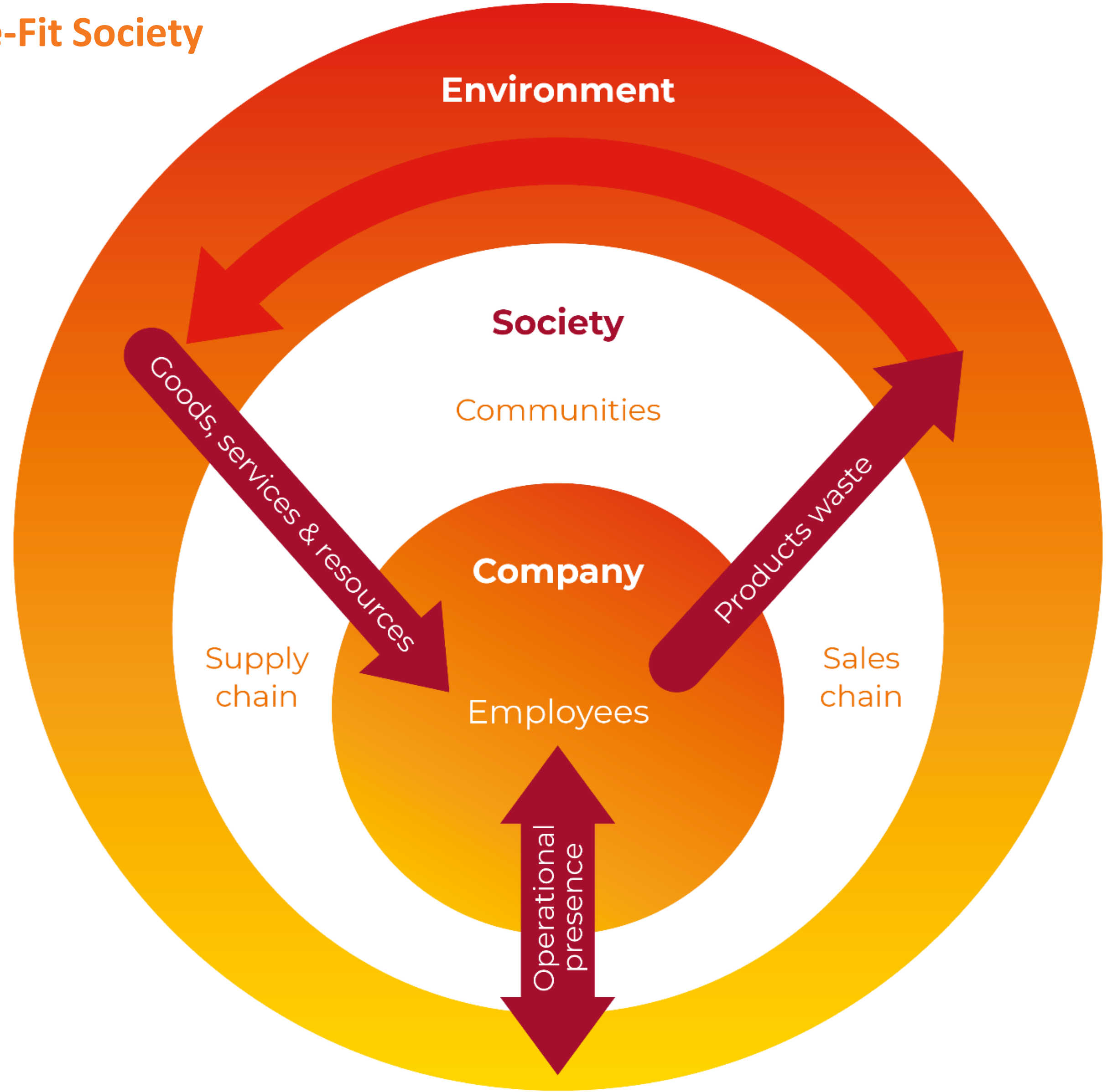
- As shareholders, you have every right to ask questions about how this will impact our decision-making and business – we invite comment and feedback from you at our upcoming Annual Meeting.

- FFB is the start of a long journey for ***thl*** to become a Future-Fit Business – a net positive contributor to a Future-Fit Society. We cannot and will not change everything overnight.

The six capitals

- We will measure ourselves against all of the 23 Break-Even Goals with the aim of eventually delivering to 100% in each goal – thus being Future-Fit.
- We will also be assessing business decisions and performance using the six capitals framework:
  - Financial.
  - Manufactured.
  - Intellectual.
  - Human.
  - Social.
  - Natural.
- Reporting for the Board and management will be assessed on a six capitals basis – as will all new capital spend.

A Future-Fit Society



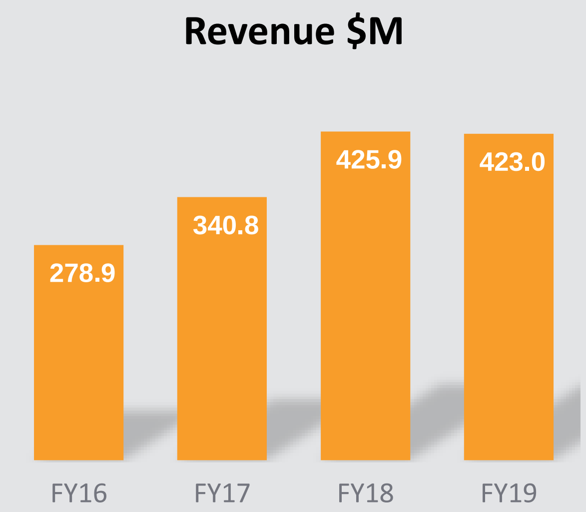
Future-Fit Business Benchmark

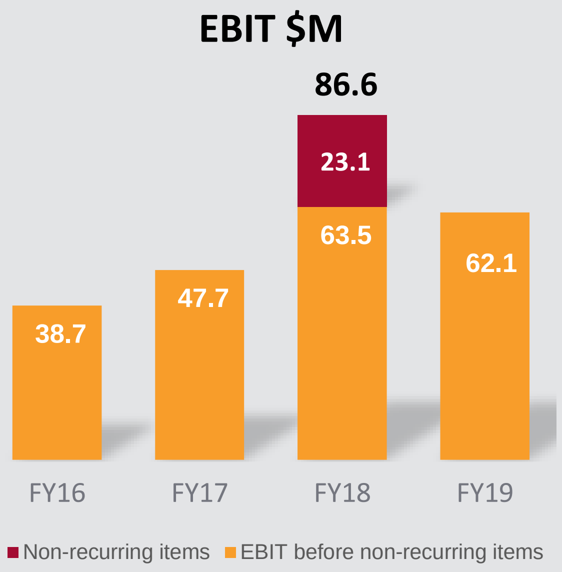
23 Break-Even Goals

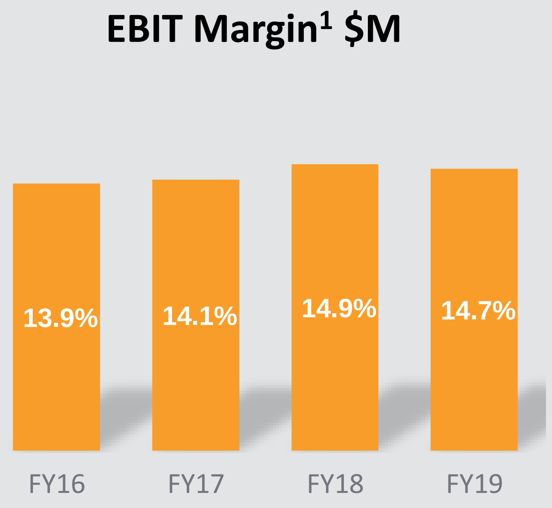
The minimum a company *must* strive to do to contribute *enough* toward an environmentally restorative, socially just and economically inclusive future.

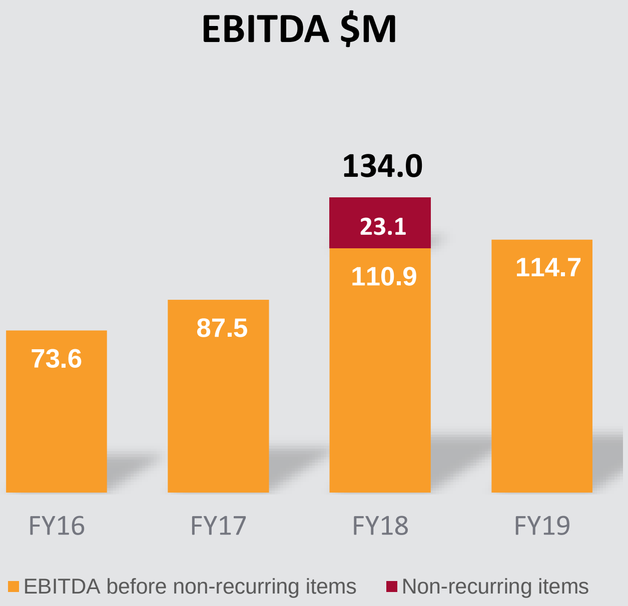
Energy	**Energy** is from renewable sources
Water	**Water** use is environmentally responsible and socially equitable
Natural Resources	**Natural resources** are managed to respect the welfare of ecosystems, people and animals
Pollution	**Operational emissions** do not **harm** people or the environment
	Operations emit no **greenhouse gases**
	Products emit no greenhouse gases
	Products do not **harm** people or the environment
Waste	**Operational waste** is eliminated
	Products can be **repurposed**
Physical Presence	**Operations** do not **encroach** on ecosystems or communities
People	**Community health** is safeguarded
	Employee health is safeguarded
	Employees are paid at least a **living wage**
	Employees are subject to **fair employment terms**
	Employees are not subject to **discrimination**
	Employee concerns are actively solicited, impartially judged and transparently addressed
	Product communications are honest, ethical, and promote responsible use
	Product concerns are actively solicited, impartially judged and transparently addressed
Drivers	**Procurement** safeguards the pursuit of future-fitness
	Business is conducted **ethically**
	The right **tax** is paid in the right place at the right time
	Lobbying and corporate influence safeguard the pursuit of future-fitness
	Financial assets safeguard the pursuit of future-fitness

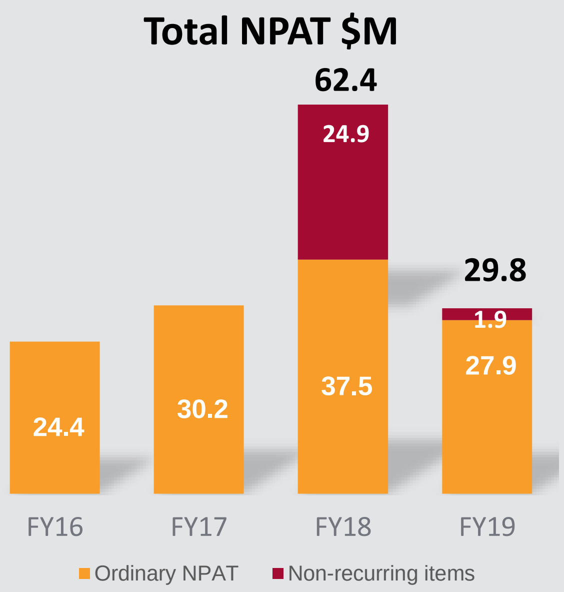
Trends

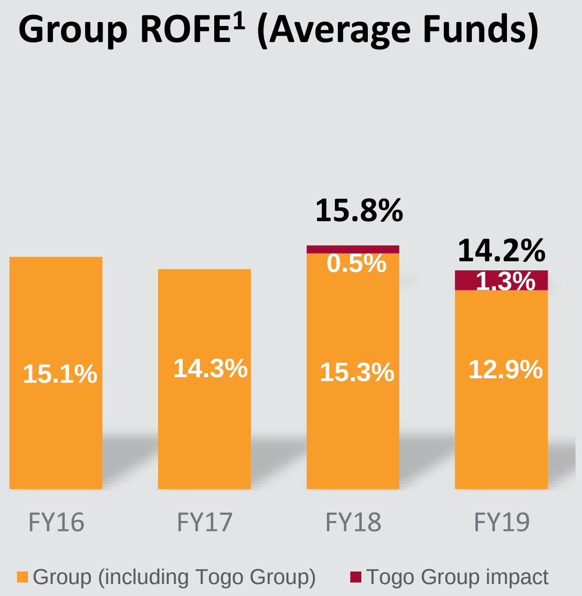












[1] EBIT margin and Group ROFE calculated on EBIT before non-recurring items

Financial highlights

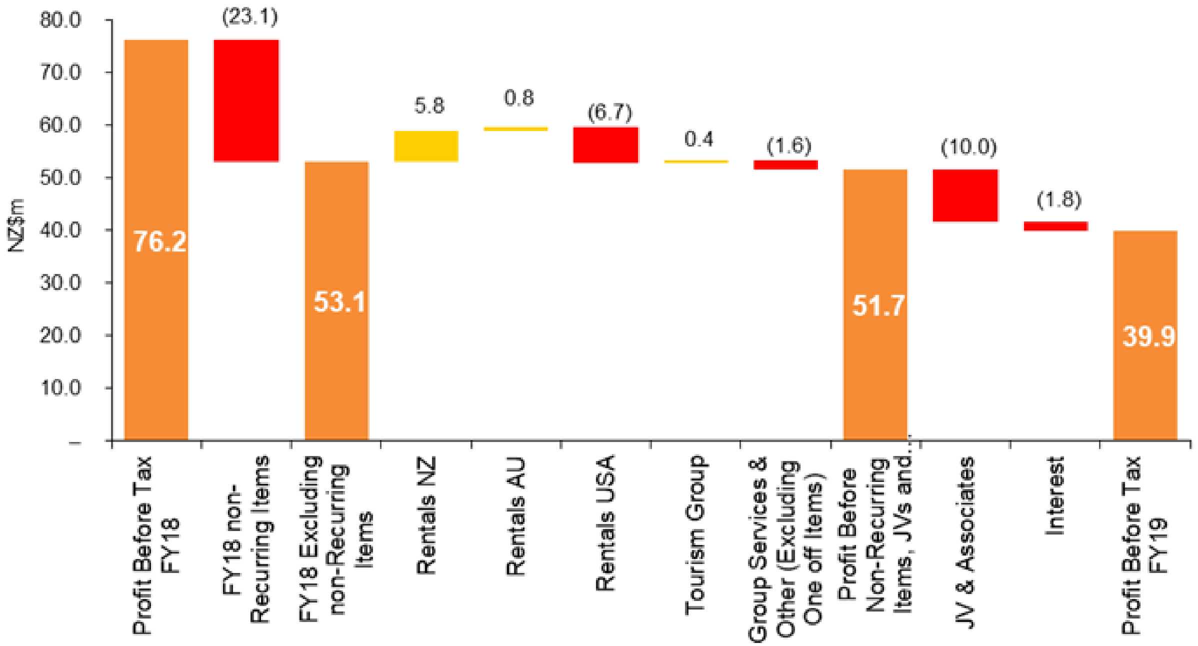
- Revenue of $423M, a decrease of 1% on the prior year.
- Ordinary EBIT of $62.1M, down 2% on the prior year.
- Ordinary NPAT of $27.9M, a decrease of 26% on the prior year.
- EBIT growth for the Rentals New Zealand, Rentals Australia and Waitomo businesses.
- Interest expense in FY19 exceeded FY18 expense by $1.8M, primarily due to higher debt levels across most of the financial year.

NZD $M	FY19	FY18	VAR	%
Operating revenue	423.0	425.9	(2.9)	(1%)
Earnings before interest and tax*	62.1	86.6	(24.4)	(28%)
Operating profit before tax	39.9	76.2	(36.3)	(48%)
Profit after tax	**29.8**	**62.4**	**(32.6)**	**(52%)**

* includes non-recurring items

NZD $M	FY19	FY18	VAR	%
Ordinary NPAT	27.9	37.5	(9.7)	(26%)
One-off Deferred Tax Benefit USA	1.9	1.8	0.1	6%
One-off Transactions	–	23.1	(23.1)	(100%)
Profit after tax	**29.8**	**62.4**	**(32.7)**	**(52%)**

OPERATING PROFIT BEFORE TAX (NZD $M)



Return on funds employed

- Our business remains heavily invested in physical assets – mainly motorhomes – across the globe. As such, the focus on ROFE is still critical.
- ROFE across core businesses improved over the prior year, other than in the USA business and Kiwi Experience.
- With vehicle sales down on expectations (particularly in the USA), the business is holding more vehicles than planned and, therefore, higher funds employed than it should have at year-end. This is expected to be rectified during FY20.
- The Tourism Group, in particular, continues to deliver ROFE well in excess of expectations and historical norms, reflecting the very strong operating leverage in the business.
- A target ROFE for all fleet types remains in place at around 15%, which we consider an appropriate return compared to our cost of capital and comparative investment opportunities. As costs of capital change, our ROFE target may change accordingly for future investments.

		Return on Average Funds		
		FY19	**FY18**	**VAR**
Rentals and Sales				
	New Zealand	19.8%	17.9%	1.9%
	Australia	13.9%	13.3%	0.6%
	USA	8.0%	14.0%	(6.0%)
Total Rentals and Sales		13.9%	15.4%	(1.5%)
Tourism Group		55.9%	49.1%	6.8%
Total Return on Funds Employed before Togo Group*		**14.2%**	**15.8%**	**(1.6%)**
Total Return on Funds Employed including Togo Group*		**12.9%**	**15.3%**	**(2.4%)**

* Total ROFE calculated using EBIT before non-recurring items.

Dividend

- Full year dividend of 27 cps is in line with the prior year.
- We expect to assess our dividend pay-out for FY20 excluding our investment in Togo Group.
- The final dividend will be eligible for the ***thl*** Dividend Reinvestment Plan (DRP). A discount of 2% is available to shareholders participating in the DRP.
- Record date: 2 October 2019.
- DRP election date: 3 October 2019.
- Payment date: 11 October 2019.
- An updated DRP Offer Document has been released on 27 August 2019. See announcement for further information.

Final Dividend

14 cents

per share 50% imputed

FY18 – 14 cents (100% imputed)

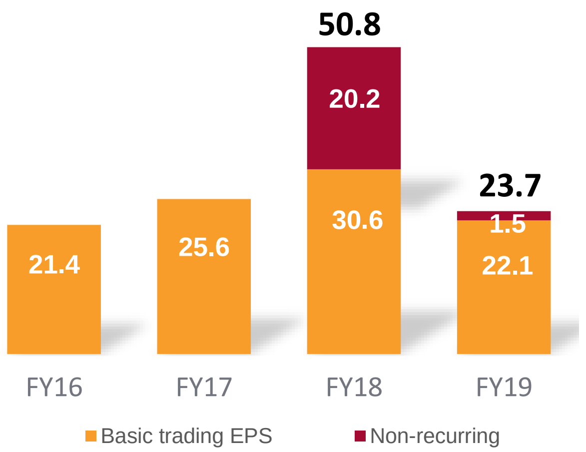
FY19 Full Year Dividend

27 cents

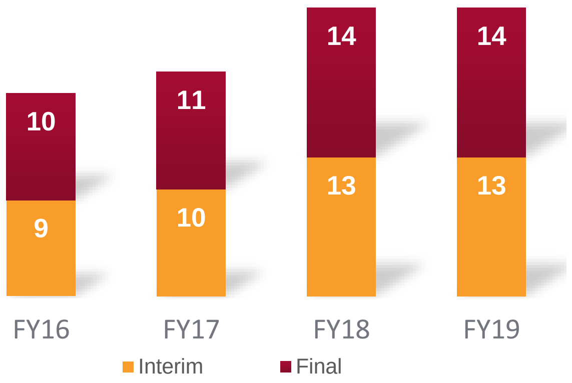
per share 50% imputed

FY18 – 27 cents (76% imputed)

Earnings per Share* (cents)



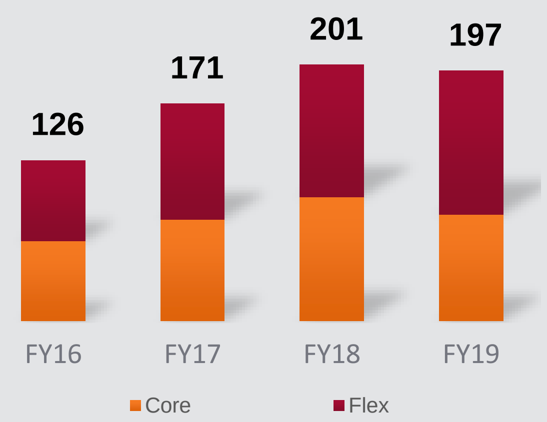
Dividends



* The FY18 and FY19 earnings per share calculations have been adjusted for the bonus element of the capital raise.

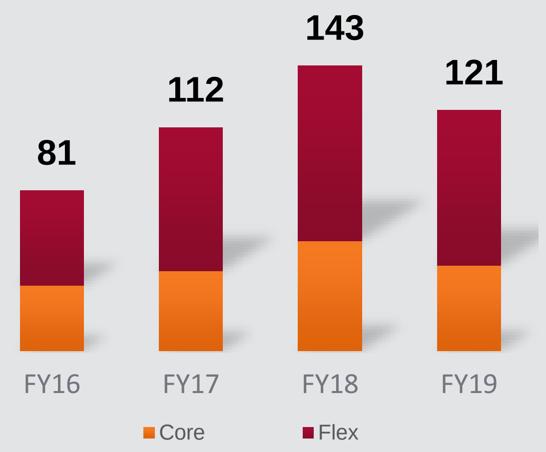
Capital expenditure

Gross Capital Expenditure ($M)



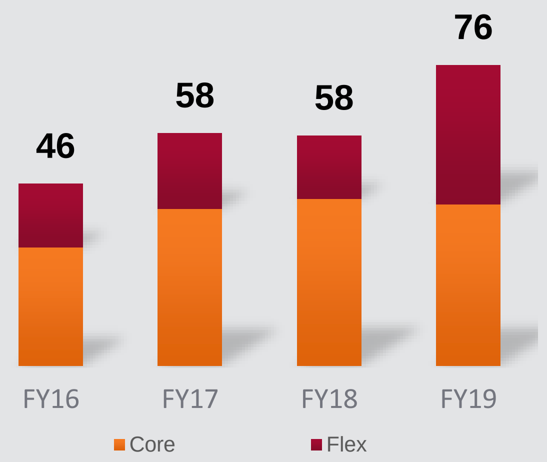
- Gross capital expenditure of $197M, of which 42% was expenditure on core and 58% was on flex.

Proceeds from Fleet Sales ($M)



- Total fleet sales proceeds of $121M, down 15% on prior year.
- Fleet sales proceeds were down $24M in the USA business.

Net Capital Expenditure ($M)

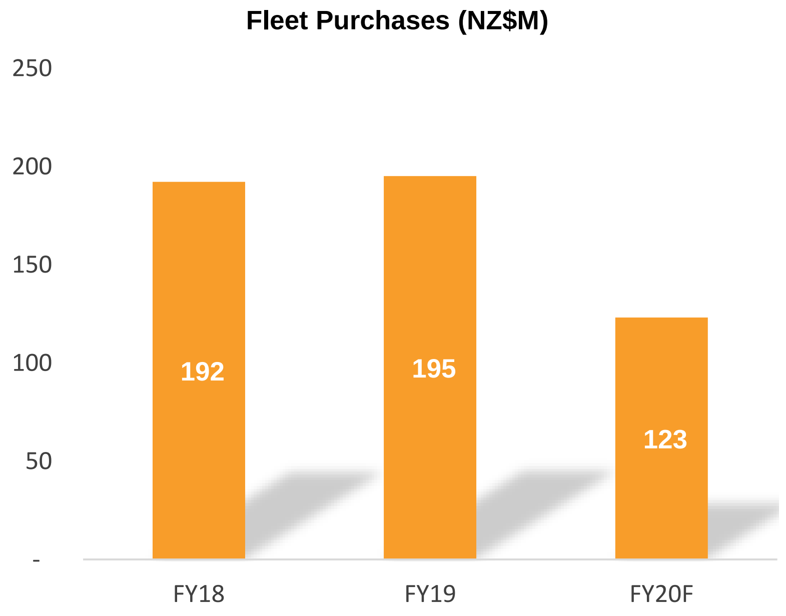


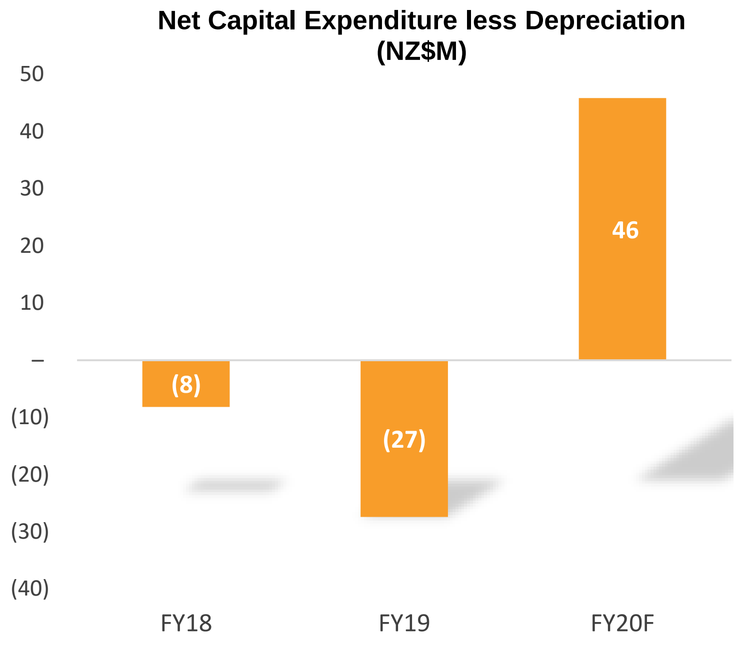
- Net capital expenditure of $76M, comprising approximately $41M in core and $35M in flex.

Some investors may assess net CAPEX in a non-GAAP manner. The net CAPEX of $76M could be compared to the total depreciation for FY19 of $52M, thus showing a net investment of $24M in CAPEX.

Notes: Fleet purchased or sold under buyback arrangements are not treated as additions/sales of fixed assets, but are treated as operating leases under IFRS reporting. For the purposes of the above, the purchases and sales values under buyback arrangements are included. The above also includes non-fleet capital expenditure, which has been categorised as core capital expenditure.

Managing fleet investment





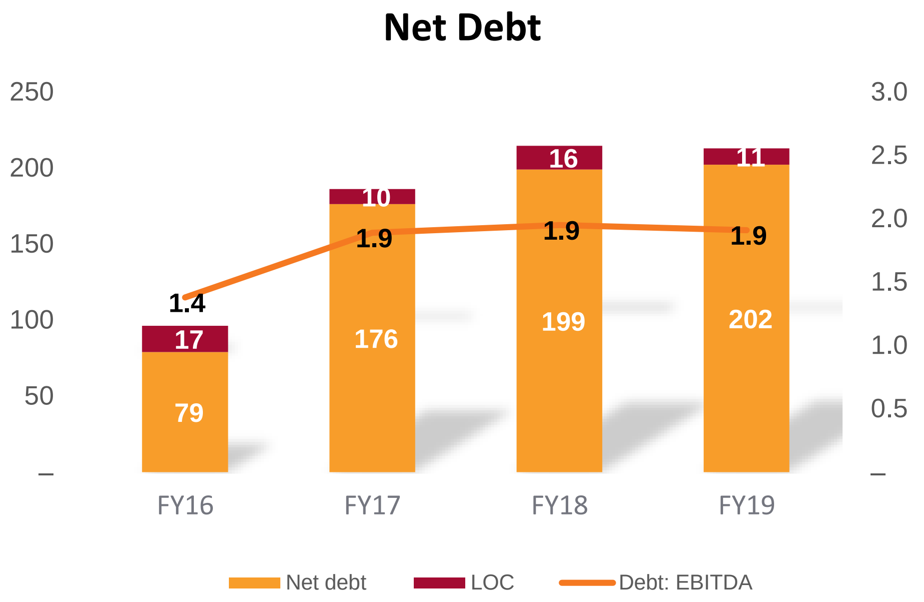
- The USA sales declines occurred after FY19 purchases, creating an increase in net capital expenditure compared to plan.
- As a result, we had no time to react within the financial year.
- In FY20 we will significantly reduce fleet purchases to rectify the situation.
- As a result, net capital expenditure, less depreciation, is expected to generate the release of in excess of $40M cash in FY20.
- Whilst delayed, these adjustments reflect the business model flexibility.

Notes: FY20 is based on current forecasts of fleet purchases and sales. All figures above are inclusive of buyback arrangements.

Balance sheet

- Net debt and Net Debt:EBITDA as at 30 June 2019 were at similar levels to the prior year.
- Year-end net debt was lower than forecast, as we received the funds from the $30M placement to HB Holdings (CITIC) prior to year-end.
- Post the $50M rights issue, which completed in July 2019, our Net Debt:EBITDA ratio is around 1.6x.
- Our view remains that a Net Debt:EBITDA ratio around 2.0x is acceptable, however we have the capacity to exceed that for acquisitions and growth initiatives.

Net Debt	Net Debt:EBITDA*
$202M	1.9x
Last year	Last year
$199M	1.9x



* Net Debt:EBITDA is calculated using a 12 month EBITDA. Year-end debt used for the calculation includes the LoC outstanding and derivatives balance.

Capital raise

- An $80M capital raise completed in July 2019.
  - A $30M placement at $4.02.
  - A $50M rights offer at $3.40.
  - Shortfall book build clearing price of $3.88.
- HB Holdings Limited (CITIC Capital) shareholding post-capital raise has increased to 18.26%.
- Focused on using funds effectively for acquisitions, Togo Group investment and balance sheet strengthening.
- An increase in ordinary shares on issue of 17.8%.

Debt facilities

- Debt facilities are in place with ***thl***'s banking partners. The term of certain tranches were extended during FY19.
- In FY20, ***thl*** will review borrowing facilities, with a view of establishing the optimal long term funding mix and tenor.

Maturity of debt facilities	
January 2020	NZ$10m
May 2020	NZ$10m
July 2020	NZ$30m
September 2020	NZ$30m
February 2021[1]	NZ$82m
June 2022	NZ$70m
July 2022[1]	NZ$74m
Total	**NZ$306m**

thl's facilities are held with the below syndicate of banks

Note 1: Includes US$ denominated commitments.

TOGO™
GROUP

Togo RV

- Togo RV is the digital platform for RVers, enabling the joy and eliminating the friction of using an RV.
- The focus for Togo RV in FY20 is on:
  - Connecting the RV ecosystem OEMs, dealers, rental marketplaces and suppliers with RV customers.
  - Improving design and providing best in class content.

TOGO GROUP

TOGO FLEET | TOGO INSIGHTS | TOGO RV | mighway

Roadtrippers | Roadtrippers Places | Roadtrippers Content Studio

Outdoria Group | OUTDORIA | Camper Mate | gosee australia by OUTDORIA

Togo Group

We remain very committed to the Togo Group. The size of the market opportunity hasn't changed, there has been nothing concerning from a competitor standpoint and we know we are providing solutions that resonate with customers. The roadmap is clear; we just need to deliver.

Rebranding of TH2 to Togo Group

- In July 2019, we rebranded TH2 as Togo Group. The change has already assisted in aligning internal teams and external channels to market.
- Mighway and Roadtrippers will remain as individual brands, given the place they hold in their respective markets and greater relevance to their consumer segments.

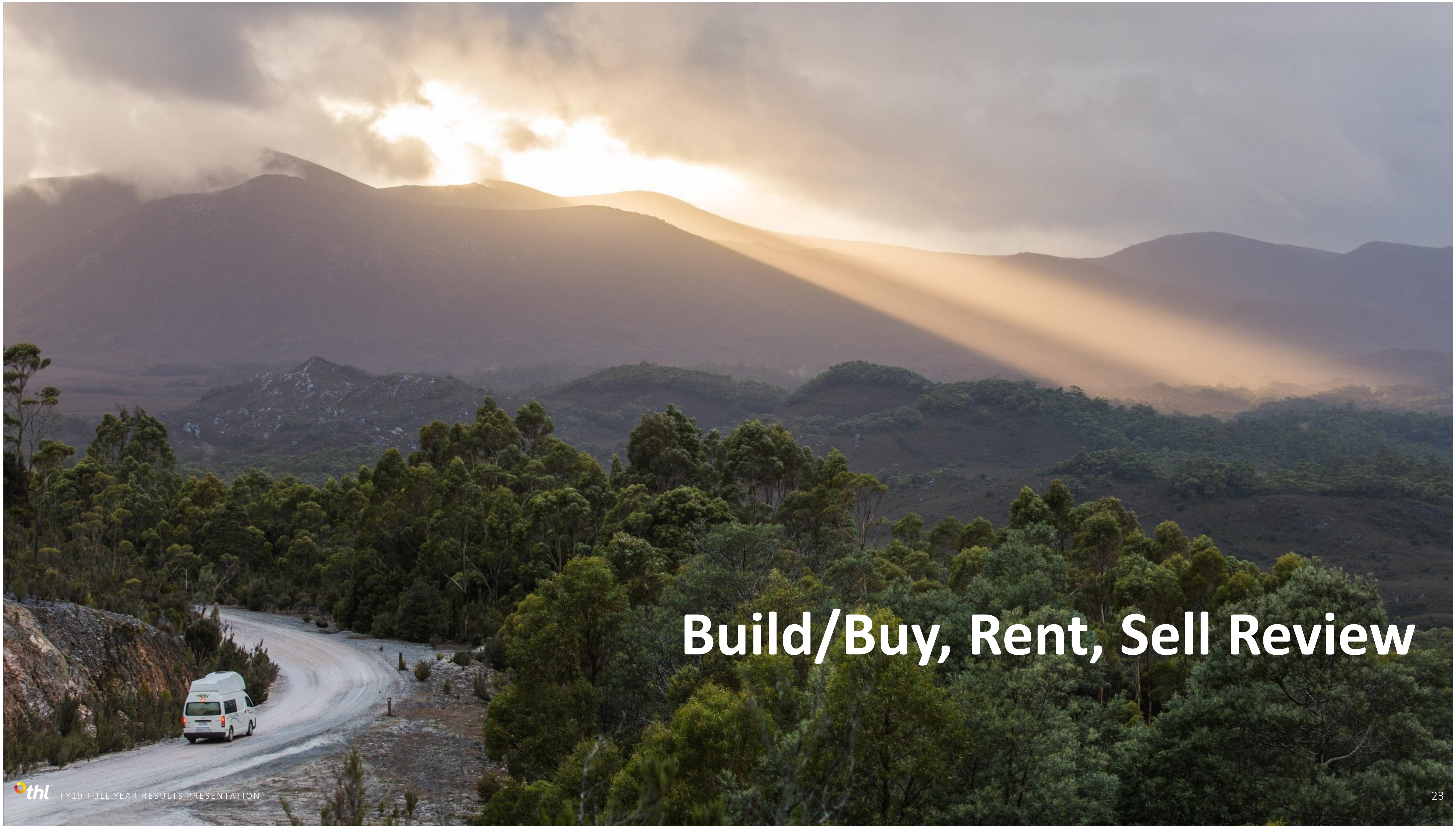
Roadtrippers

- Roadtrippers has had a positive FY19 when comparing to our targets.
- User growth has been strong and subscription revenue from Roadtrippers Plus has exceeded our initial expectations.
- Long term success will come from ongoing development of the core product, deeper extension into the RV and camping category, and maintaining a value proposition to customers.

Togo RV

- Togo RV launched on time in the USA during FY19. Although initial feedback and user numbers exceeded expectations, the product did not create the stickiness and depth of engagement required to demand an appropriate price subscription.
- The product roadmap has been reviewed and Danny Hest, Togo Group CEO, has taken responsibility for the Togo RV team to drive success.

***thl*'s investment in Togo Group in FY20 is expected to be approximately US$8.5M**



Build/Buy, Rent, Sell Review

Build/Buy

	FY19	FY18	VAR%
Purchases Quantity	2,612	2,755	(5%)
Total Value (NZD $M) *	197	201	(2%)

* Gross CAPEX inclusive of other assets

	FY19	FY18	VAR%
Purchases Core Quantity	1,728	1,923	(10%)
Purchases Flex Quantity	884	832	6%

- Globally, we purchased or produced over 2,600 RVs in FY19, down 5% on the prior year.
- A greater proportion of our vehicle purchases were flex fleet, compared to the prior year (34% in FY19 vs. 30% in FY18). Flex fleet vehicles are intended to be removed from fleet for sale in around 12 months.
- We continue to drive global procurement opportunities. We are nearing the end of a global RFP process for chassis.

Rent

NZ$	FY19	FY18	VAR	VAR%
Hire Days	1,191,359	1,132,791	58,568	5%
Total Rental Income ($M)	251	231	20	9%
Average Yield ($ per Hire Day)	210	203	7	3%
Average cost ($ per Hire Day)	163	165	(2)	(1%)
Total Fleet (at year end)	6,413	5,731	682	12%

Real Depreciation Rates per annum *	**FY19**	**FY18**	**FY17**
AU	7%	8%	9%
NZ	6%	6%	7%
US**	4%	3%	<0%

- Rental market, in general terms, remains strong.
- Increases in hire days and yield in New Zealand and Australia reflect good control of our rental fleet size and pricing management.
- Operating costs continue to be a core focus for the business and are well under control.
- RDR in Australia is generally higher than other geographies due to higher kilometres travelled and greater wear and tear due to road conditions in Australia.

* The Real Depreciation Rate (RDR) is the measure of the difference between the purchase price and sale price of the vehicles sold in the financial year. It allows for no gain on sale or costs associated with the sale or management of the vehicle.

** As El Monte RV was acquired on 6 January 2017, the FY17 US RDR includes approximately 6 months of vehicle sales from El Monte RV.

Sell

	FY19	FY18	VAR	VAR%
Total Fleet Sales Quantity	1,893	2,408	(515)	(21%)
Total Fleet Sales, incl buybacks (NZD $M)	121	143	(22)	(15%)
Total Non-Fleet Sales (NZD $M)	15	20	(4)	(21%)

Channels used for Sale	Retail	Wholesale
NZ	~ 80%	~ 20%
AUS	~ 20%	~ 80%
USA - RB	0%	100%
USA - EM	~ 85%	~ 15%
UK	~ 20%	~ 80%

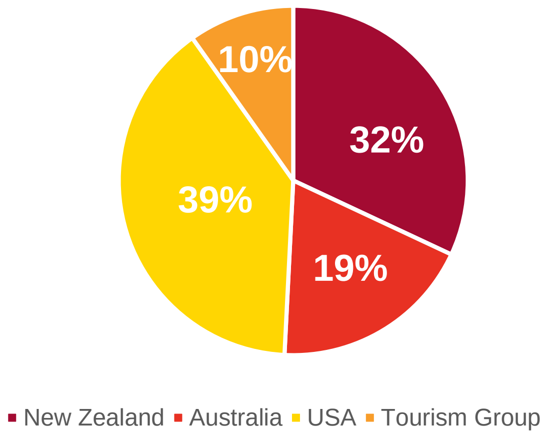
- Global sales decline of 21% by quantity.
- Fleet sales quantity increased in New Zealand, but decreased in Australia and the USA over the prior year.
- US sales margins, in light of the competitive pressures, continue to remain down circa 20% on the prior year.
- Within the USA business, sales volume declined by 34%.
- Of note, wholesale shipments declined 30-40% and retail shipments declined circa 10%, across the US market.
- As part of the Fairfax Industries acquisition, we are opening a new RV Super Centre on the Fairfax site in Takanini in early September 2019.

Divisional Review

Divisional EBIT

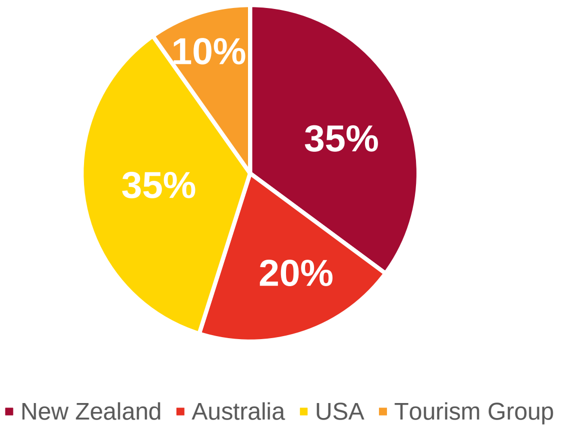
$M	Full Year FY19	FY18	Var	Var %	6 Months to June FY19	FY18	Var	Var %	6 Months to December FY19	FY18	Var	Var %
***thl* Rentals**												
New Zealand	31.5	25.7	5.8	23%	24.4	19.1	5.4	28%	7.0	6.6	0.5	7%
Australia	11.3	10.6	0.8	7%	3.1	4.5	(1.4)	(30%)	8.2	6.1	2.1	35%
USA	13.0	19.7	(6.8)	(34%)	(5.5)	0.9	(6.4)	(682%)	18.4	18.8	(0.4)	(2%)
Total Rentals	**55.8**	**56.0**	**(0.2)**	**(0%)**	**22.1**	**24.5**	**(2.4)**	**(10%)**	**33.7**	**31.5**	**2.2**	**7%**
Tourism Group	12.3	11.9	0.4	3%	7.8	7.2	0.6	9%	4.4	4.7	(0.3)	(5%)
Total operating divisions	68.1	67.9	0.2	0%	30.0	31.7	(1.7)	(6%)	38.1	36.2	2.0	5%
Group Support Services & Other	(6.0)	18.7	(24.7)	(132%)	(2.6)	21.5	(24.1)	(112%)	(3.4)	(2.8)	(0.6)	20%
Total EBIT	**62.1**	**86.6**	**(24.5)**	**(28%)**	**27.4**	**53.2**	**(25.9)**	**(49%)**	**34.7**	**33.3**	**1.4**	**4%**
EBIT before non-recurring Items	**62.1**	**63.5**	**(1.4)**	**(2%)**	**27.4**	**30.1**	**(2.8)**	**(9%)**	**34.7**	**33.3**	**1.4**	**4%**
Non-recurring items												
Gain on sales / other		24.3	(24.3)			24.3	(24.3)					
Transaction costs and one-offs		(1.2)	1.2			(1.2)	1.2					
Total non-recurring items		**23.1**	**(23.1)**			**23.1**	**(23.1)**					
Split												
Australia	11.3	10.6	0.8	7%	3.1	4.5	(1.4)	(30%)	8.2	6.1	2.1	34%
USA	13.0	19.7	(6.8)	(34%)	(5.5)	0.9	(6.4)	(682%)	18.4	18.8	(0.4)	(2%)
NZ	37.8	56.3	(18.5)	(33%)	29.7	47.8	(18.1)	(38%)	8.1	8.5	(0.4)	(5%)
Total EBIT	**62.1**	**86.6**	**(24.5)**	**(28%)**	**27.4**	**53.2**	**(25.9)**	**(49%)**	**34.7**	**33.3**	**1.4**	**4%**
Split												
Australia	11.3	10.6	0.8	7%	3.1	4.5	(1.4)	(30%)	8.2	6.1	2.1	34%
USA	13.0	19.7	(6.8)	(34%)	(5.5)	0.9	(6.4)	(682%)	18.4	18.8	(0.4)	(2%)
NZ	37.8	33.2	4.6	14%	29.7	24.7	5.0	20%	8.1	8.5	(0.4)	(5%)
Total EBIT before non-recurring Items	**62.1**	**63.5**	**(1.4)**	**(2%)**	**27.4**	**30.1**	**(2.8)**	**(9%)**	**34.7**	**33.3**	**1.4**	**4%**

Divisional EBIT

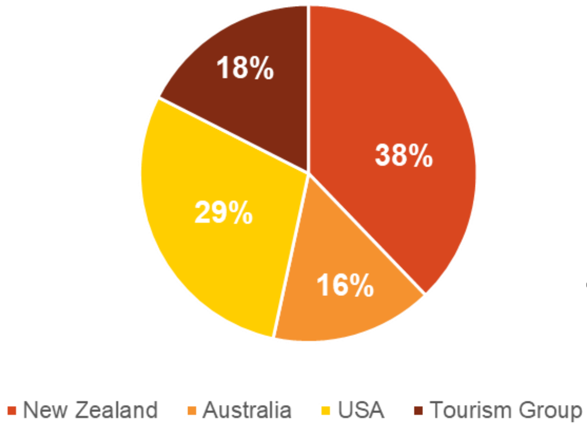


2018

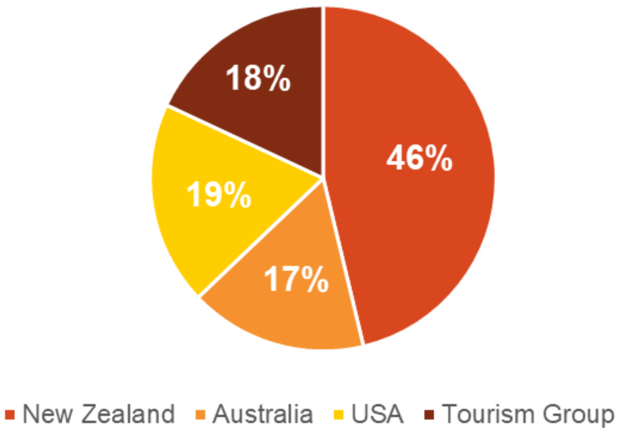
Revenue



2019



EBIT before Group Services and Other



New Zealand rentals

"From success to success"

- We are very pleased with the continued progress of the New Zealand business and have high expectations for ongoing growth.
- The EBIT performance of $31.5M was an increase of 23% ($5.8M) on the prior year.
- The FY19 result is a record result in dollar terms as well as ROFE achievement, with ROFE increasing to 19.8%.
- EBIT margin of 21.2% in FY19, up 2.2% on the prior year.
- Vehicle sales revenue up 8% on the prior year.
- Yields have continued to increase and the shoulder season continues to grow in both activity and yield.
- A total of 499 vehicles sold, up 35 units on FY18, but around 100 units short of our desired goal. The greatest shortfall in sales related to the minivan fleet. The category is under review to ensure we have the right product and price position to meet the markets needs.
- The outlook for FY20 remains positive, with an expectation of rental revenue growth, some vehicle sales growth and development of ongoing efficiencies.

Full Year

NZD $M	**FY19**	FY18	VAR	VAR %
Rental income	97.9	88.5	9.4	11%
Sale of goods*	50.8	46.8	4.0	8%
Costs	(117.2)	(109.6)	(7.6)	7%
EBIT	31.5	25.7	5.8	23%

Vehicle Fleet**

Units:	**FY19**	FY18	VAR	VAR %
Fleet Sales	(499)	(464)	(35)	8%
Fleet Purchases	748	717	31	4%
Closing Fleet	2,332	2,083	249	12%

* Note: sale of goods does not include buyback fleet, which is included within the fleet purchase and sales numbers.

** Note: Non-fleet vehicle sales are excluded.

Australia rentals

"A resilient performer"

- The Australian market is a tough operating environment; however, we believe that we are gaining market share and continue to achieve strong operational efficiencies.
- The Australian EBIT result of AUD$10.6M was up $0.6M on the prior year – an increase of 6%.
- The business has been improving year-on-year and this year achieved ROFE of 13.9%, up on the prior year ROFE of 13.3%.
- A dealer insolvency in Queensland was the first such event in recent history for ***thl***. The impact of the debtor write-off and lost margin on sale for the year was close to AUD$1M. Since the event, new dealer relationships have been established in Queensland.
- Total vehicle sales for the year were 562, a decline of 15% on the prior year. The decline reflected a lower core fleet sale number, a lower number of flex fleet stock for the year, and softening consumer confidence in Australia.
- The outlook for the business is generally positive. With broader tourism growth slowing, we are expecting single digit rental revenue growth and some growth in vehicle sales.

Full Year

NZD $M	FY19	FY18	VAR	VAR %
Rental income	70.0	64.9	5.1	8%
Sale of goods*	13.6	15.4	(1.8)	(12%)
Costs	(72.3)	(69.7)	(2.5)	4%
EBIT	11.3	10.6	0.8	7%

AUD $M	FY19	FY18	VAR	VAR %
Rental income	65.6	61.1	4.5	7%
Sale of goods*	12.7	14.5	(1.8)	(12%)
Costs	(67.7)	(65.6)	(2.1)	3%
EBIT	10.6	10.0	0.6	6%

Vehicle Fleet**

Units:	FY19	FY18	VAR	%
Fleet Sales	(562)	(664)	102	(15%)
Fleet Purchases	664	678	(14)	(2%)
Closing Fleet	1,641	1,539	102	7%

* Note: sale of goods does not include buyback fleet, which is included within the fleet purchase and sales numbers.

** Note: Non-fleet vehicle sales are excluded.

USA rentals

"Our current challenge"

- A difficult and disappointing year for the USA business with an EBIT result of US$8.6M – down 41% on the prior year result of US$14.6M.
- The result primarily reflects vehicle sales shortfalls. Within the USA business, vehicle sales revenue dropped to US$44.6M, a decline of 33% on the prior year.
- Total rental revenue was US$55.5M, down 2% on the prior year in USD terms, but up 8% in NZD terms. The international rentals market has delivered pleasing results but the domestic US market continues to be impacted by growth in the peer-to-peer market.
- We expect the FY20 result to be lower than FY19, as we will hold excess fleet in FY20 due to the lower vehicle sales in FY19.
- Property savings of US$500-800k and labour savings of approximately US$1M are on track.
- Two El Monte RV branches have been announced as closing, with significant savings in property and labour costs. These savings will primarily benefit FY21.
- Our focus is ROFE and business model development, and ensuring that we reallocate funds elsewhere to adapt to the current conditions.

Full Year

NZD $M	**FY19**	FY18	VAR	VAR %
Rental income	82.9	77.1	5.8	8%
Sale of goods	66.5	90.6	(24.1)	(27%)
Costs	(136.4)	(148.0)	11.6	(8%)
EBIT	13.0	19.7	(6.8)	(34%)

USD $M	**FY19**	FY18	VAR	VAR %
Rental income	55.5	56.6	(1.0)	(2%)
Sale of goods	44.6	66.2	(21.6)	(33%)
Costs	(91.6)	(108.2)	16.6	(15%)
EBIT	8.6	14.6	(6.0)	(41%)

Vehicle Fleet

Units:	**FY19**	FY18	VAR	%
Fleet Sales	(869)	(1,314)	445	(34%)
Fleet Purchases	1,200	1,360	(160)	(12%)
Closing Fleet	2,440	2,109	331	16%

Tourism

"Strong ROFE performance"

- The Waitomo business delivered another significant year of growth driven by growth in visitor arrivals, with some softening markets. The ROFE in the Waitomo business is now well in excess of expectations and norm.
- The Tourism Group delivered an EBIT result of $12.2M, up by 3% from $11.9M in the prior year. ROFE increased by nearly 7% to approximately 56%.
- The domestic market was down on the prior year, similar to most New Zealand tourism businesses.
- Kiwi Experience had a challenging year, with the result down on prior year and expectations.
- Significant drops in backpacker arrivals from European markets directly impacted revenue. However, FY19 second-half results outperformed market with cost reductions, yield growth and new marketing initiatives.
- Within the coming year Kiwi Experience will introduce new product lines to broaden the customer base and will continue the cost reduction process. Overall, expectations are for growth in FY20.

Full Year

NZD $M	**FY19**	FY18	VAR	%
Revenue	41.4	41.8	(0.4)	(1%)
Costs	(29.2)	(29.9)	0.7	(2%)
EBIT	12.2	11.9	0.3	3%

Equity Investments

Equity investments

- These part-owned businesses are not controlled by ***thl*** and are equity accounted. The results are not reported in the Earnings Before Interest & Tax (EBIT), and are not included in our ROFE calculations.
- **Action Manufacturing (50%)**
  - Net profit before tax of $1.5M well down on the prior year by 46%, largely due to costs associated with:
    - the acquisition of Fairfax Industries.
    - new vehicle type development (which were not capitalised).
  - Expansion of Hamilton operation to a larger premises in FY19.
  - Positive outlook for FY20, following a year of consolidation.
- **Just go (49%)**
  - Net profit after tax of $243k, up 20% on the prior year.
  - Expansion into Scotland.
  - Increased focus on vehicle sales to drive profitability in FY20.
- **Togo Group (formerly TH2) (50%)**
  - Togo Group performance is reviewed separately.

Equity Investments

NZD $M	FY19	FY18	VAR	%
Action Manufacturing	**1.5**	2.9	(1.3)	(46%)
Just go	**0.2**	0.2	0.0	20%
Roadtrippers	**–**	(1.4)	1.4	(100%)
Togo Group	**(12.8)**	(2.7)	(10.2)	380%
Total	**(11.0)**	**(1.0)**	(10.0)	974%

Group support services and other

Group Support Services and Others

NZD $M	FY19	FY18	VAR	%
Revenue	–	0.8	(0.8)	(100%)
Costs	**(6.0)**	(5.2)	(0.8)	16%
EBIT*	**(6.0)**	(4.4)	(1.6)	36%

* EBIT before non-recurring items.

- Group support services of $6M, up 36% on the prior year.
- Well in excess of $1M of these costs were incurred in relation to M&A transactions that did not proceed.

Outlook

Capital expenditure

- During FY19, we had capital expenditure of $197M. This was down 2% on the prior year's expenditure of $201M.
- Nearly all of our capital expenditure is on fleet renewal and growth.
- Fleet purchases will be reduced in FY20 as we adjust fleet, release capital and generate a positive operating cash flow for the USA business.
- Overall gross capital expenditure in FY20 is expected to be in the range of $135M to $145M.

Outlook

- There has been little change in our expectations or view on each market since the information we provided with the capital raise in June.
- Broader economic conditions from our perspective are uncertain, but we are yet to see those play out in any concerning manner within our rentals businesses.
- In Rentals New Zealand, forward bookings remain up on last year and the RV sales market appears consistent. The number of vehicles being imported into New Zealand appears to be slowing, which we see as positive.
- In Rentals Australia, forward bookings also remain up on last year. Although the market is tough, we are well positioned from a vehicle sales perspective and believe we are gaining market share.
- In the USA business, we continue to see slow dealer sales. We have planned for a lower demand environment for wholesale sales in FY20 and, as previously mentioned, we expect that the USA result in FY20 will be down on FY19 as we continue to clear excess fleet. We are in the midst of the calendar year 2019 high-season and will provide an update on performance at the Annual Meeting.
- **We will provide an update on FY20 guidance at the 2019 Annual Meeting on 23 October 2019**.
- **There is no change to the *thl* dividend policy, which remains at 75% to 90% of NPAT. We expect to assess our dividend pay-out for FY20 excluding our investment in Togo Group.***

* FY20 investment in Togo Group will be reported as NPBT losses.

Supporting Analysis

Income statement summary

	Full Year				6 Months to June				6 Months to December			
$M	**FY19**	FY18	VAR	VAR %	**FY19**	FY18	VAR	VAR %	**FY19**	FY18	VAR	VAR %
Revenue from trading	**292.2**	273.1	19.1	7%	**147.9**	137.1	10.8	8%	**144.3**	136.0	8.3	6%
Revenue from sale of fleet	**130.8**	152.8	(22.0)	(14%)	**67.9**	79.7	(11.8)	(15%)	**62.9**	73.1	(10.1)	(14%)
Total revenue	**423.0**	425.9	(2.9)	(1%)	**215.8**	216.8	(1.1)	(0%)	**207.3**	209.1	(1.8)	(1%)
Costs	**308.2**	291.9	16.3	6%	**161.0**	138.7	22.3	16%	**147.2**	153.2	(6.0)	(4%)
EBITDA	**114.8**	134.0	(19.2)	(14%)	**54.8**	78.1	(23.3)	(30%)	**60.0**	56.0	4.1	7%
Depreciation & Amortisation	**52.6**	47.4	5.3	11%	**27.4**	24.8	2.6	10%	**25.3**	22.6	2.7	12%
EBIT	**62.1**	86.6	(24.4)	(28%)	**27.4**	53.3	(25.9)	(49%)	**34.7**	33.3	1.4	4%
Interest	**(11.2)**	(9.4)	(1.8)	19%	**(6.0)**	(5.0)	(1.1)	22%	**(5.2)**	(4.4)	(0.7)	17%
Share of Joint Ventures	**(11.3)**	(0.2)	(11.0)	4,514%	**(6.4)**	(1.6)	(4.8)	288%	**(4.9)**	1.4	(6.3)	(448%)
Share of Associates	**0.2**	(0.8)	1.0	(131%)	**(0.1)**	(0.3)	0.3	(85%)	**0.3**	(0.4)	0.7	(167%)
Profit before taxation	**39.9**	**76.2**	(36.3)	(48%)	**14.9**	**46.3**	(31.4)	(68%)	**25.0**	29.9	(4.9)	(16%)
Taxation	**(10.1)**	(13.8)	3.7	(27%)	**(2.7)**	(6.7)	4.1	(60%)	**(7.5)**	(7.1)	(0.4)	5%
Profit attributable to *thl* shareholders	**29.8**	**62.4**	(32.6)	(52%)	**12.3**	**39.6**	(27.3)	(69%)	**17.5**	22.8	(5.3)	(23%)
Basic EPS (in cents)	**23.7**	**50.8** *										
Diluted EPS	**23.3**	**49.0** *										

* The FY18 and FY19 earnings per share calculations have been adjusted for the bonus element of the capital raise.

Revenue

$M	Full Year FY19	FY18	VAR	VAR %	6 Months to June FY19	FY18	VAR	VAR %	6 months to December FY19	FY18	VAR	VAR %
***thl* Rentals - Sale of Services**												
New Zealand	97.9	88.5	9.4	11%	59.4	52.8	6.6	13%	38.5	35.7	2.7	8%
Australia	70.0	64.9	5.1	8%	33.0	30.7	2.3	8%	37.0	34.2	2.8	8%
USA	82.9	77.1	5.8	8%	32.5	29.4	3.0	10%	50.4	47.7	2.8	6%
	250.8	**230.5**	**20.3**	**9%**	**124.9**	**112.9**	**11.9**	**11%**	**125.9**	**117.6**	**8.3**	**7%**
***thl* Rentals - Sale of Goods**												
New Zealand	50.8	46.8	4.0	8%	28.1	25.7	2.3	9%	22.7	21.1	1.6	8%
Australia	13.6	15.4	(1.8)	(12%)	5.0	7.9	(2.8)	(36%)	8.5	7.5	1.0	14%
USA	66.5	90.6	(24.1)	(27%)	34.8	46.1	(11.3)	(25%)	31.7	44.5	(12.8)	(29%)
	130.8	**152.8**	**(22.0)**	**(14%)**	**67.9**	**79.7**	**(11.8)**	**(15%)**	**62.9**	**73.1**	**(10.1)**	**(14%)**
Tourism Group - Sale of Services	41.4	41.8	(0.4)	(1%)	23.0	23.6	(0.6)	(2%)	18.4	18.3	0.2	1%
Other	0.0	0.8	(0.8)	(100%)	0.0	0.6	(0.6)	(100%)	0.0	0.2	(0.2)	(100%)
Total Revenue	**423.0**	**425.9**	**(2.9)**	**(1%)**	**215.8**	**216.8**	**(1.1)**	**(0%)**	**207.3**	**209.1**	**-1.8**	**(1%)**
Split												
Australia	83.5	80.2	3.3	4%	38.0	38.6	(0.5)	(1%)	45.5	41.7	3.8	9%
USA	149.4	167.7	(18.3)	(11%)	67.2	75.5	(8.3)	(11%)	82.2	92.2	(10.0)	(11%)
NZ and other	190.1	177.9	12.2	7%	110.5	102.7	7.8	8%	79.6	75.2	4.4	6%
	423.0	**425.9**	**(2.9)**	**(1%)**	**215.8**	**216.8**	**(1.1)**	**(0%)**	**207.3**	**209.1**	**(1.8)**	**(1%)**
Revenue Split												
Sale of Services	292.2	273.1	19.1	7%	147.9	137.1	10.8	8%	144.3	136.0	8.3	6%
Sale of Goods	130.8	152.8	(22.0)	(14%)	67.9	79.7	(11.8)	(15%)	62.9	73.1	(10.1)	(14%)
	423.0	**425.9**	**(2.9)**	**(1%)**	**215.8**	**216.8**	**(1.1)**	**(0%)**	**207.3**	**209.1**	**(1.8)**	**(1%)**

Divisional summary

$M	Year ending 30 June 2019 REVENUE	DIVISIONAL EBIT	AVE FUNDS EMPLOYED	OPERATING CASHFLOW*	Year ending 30 June 2018 REVENUE	DIVISIONAL EBIT	AVE FUNDS EMPLOYED	OPERATING CASHFLOW*
Rentals New Zealand	148.7	31.5	159.1	14.8	135.3	25.7	143.2	1.2
Rentals Australia	83.5	11.3	81.5	2.5	80.2	10.6	79.8	8.3
Rentals USA	149.4	13.0	162.0	(14.0)	167.7	19.7	141.2	13.0
Tourism Group	41.4	12.3	22.0	10.5	41.8	11.9	24.3	10.5
Group Support Services/Other (before non-recurring)	–	(6.0)	(1.3)	(3.6)	0.8	(4.4)	(3.5)	(8.4)
Non-recurring Items		–				23.1		
***thl* 100% owned entities**	**423.0**	**62.1**	**423.3**	**10.2**	**425.9**	**86.6**	**385.0**	**24.6**
Joint ventures		(11.3)	52.6			(0.2)	20.9	
Associates		0.2	4.2			(0.8)	8.4	
Group Total	**423.0**	**51.1**	**480.1**	**10.2**	**425.9**	**85.6**	**414.3**	**24.6**

* Operating cash flow includes the sale and purchase of rental assets.

EBIT margin

	Full year			6 months to June			6 months to December		
$M	FY19	FY18	VAR	FY19	FY18	VAR	FY19	FY18	VAR
THL Rentals									
New Zealand	21.2%	19.0%	2.2%	27.9%	24.3%	3.7%	11.5%	11.6%	(0.1%)
Australia	13.6%	13.2%	0.4%	8.2%	11.7%	(3.4%)	18.0%	14.6%	3.4%
USA	8.7%	11.8%	(3.1%)	(8.1%)	1.2%	(9.3%)	22.4%	20.4%	2.0%
Total Rentals	**14.6%**	**14.6%**	**0.0%**	**11.5%**	**12.7%**	**(1.2%)**	**17.8%**	**16.5%**	**1.3%**
NZ Tourism	**29.6%**	**28.5%**	**1.2%**	**34.1%**	**30.6%**	**3.5%**	**24.1%**	**25.8%**	**(1.6%)**
EBIT margin (before non-recurring)	**14.7%**	**14.9%**	**(0.2%)**	**12.7%**	**13.9%**	**(1.2%)**	**16.8%**	**16.0%**	**0.8%**

EBITDA

	Full Year				6 Months to June				6 Months to December			
$M	**FY19**	**FY18**	**VAR**	**VAR %**	**FY19**	**FY18**	**VAR**	**VAR %**	**FY19**	**FY18**	**VAR**	**VAR %**
EBIT	62.1	86.6	(24.5)	(28%)	27.4	53.2	(25.9)	(49%)	34.7	33.3	1.4	4%
Add back non-cash items:												
Depreciation	51.5	46.0	5.5	12%	26.8	24.2	2.7	11%	24.7	21.9	2.8	13%
Amortisation	1.1	1.3	(0.2)	(17%)	0.5	0.6	(0.1)	(11%)	0.6	0.7	(0.2)	(23%)
EBITDA	**114.7**	**134.0**	**(19.2)**	**(14%)**	**54.7**	**78.0**	**(23.3)**	**(30%)**	**60.0**	**56.0**	**4.1**	**7%**

Balance sheet

$M	As at JUN 19	JUN 18	VAR	As at DEC 18	DEC 17	VAR
Equity	277.0	250.0	27.0	250.7	212.2	38.4
Non current liabilities	239.0	238.1	0.9	247.0	194.5	52.5
Current liabilities	86.5	89.9	(3.5)	75.1	99.0	(23.9)
Total source of funds	**602.5**	**578.0**	**24.5**	**572.7**	**505.7**	**67.0**
Intangible assets and goodwill	44.2	44.6	(0.5)	44.2	42.2	2.1
Investments in associates and joint ventures	56.1	56.6	(0.5)	56.8	10.5	46.4
Property, plant and equipment	407.0	384.2	22.9	379.1	336.9	42.2
Non-current derivative financial instruments	0.0	1.47	(1.5)	0.7	-	-
Current assets	95.2	91.1	4.1	91.9	116.2	(24.2)
Total use of funds	**602.5**	**578.0**	**24.5**	**572.7**	**505.7**	**67.0**
Net debt position	202.2	198.5	3.7	225.6	178.4	47.1
Net tangible assets (NTA)	232.8	205.4	27.5	206.4	170.1	36.3
NTA per share*	$1.87	$1.69		$1.67	$1.41	
Book value of net assets per share*	$2.10	$2.03		$2.03	$1.75	
Debt / debt + equity ratio (net of Intangibles)	46%	49%		52%	51%	
Equity ratio (net of Intangibles)	42%	39%		39%	37%	
AUD exchange rate at period end	0.9561	0.9180		0.9520	0.9336	
USD exchange rate at period end	0.6694	0.6741		0.6713	0.7296	

* Calculated based on ***thl*** shares on issue at year-end.

Funds employed

$M	Average Funds FY19	FY18	VAR	Year end Funds JUN 19	JUN 18	VAR
Rentals						
New Zealand	159.1	143.2	11%	148.4	140.1	6%
Australia	81.5	79.8	2%	72.2	70.6	2%
USA	162.0	141.2	15%	184.3	159.0	16%
Total Rentals	402.6	364.2	11%	404.9	369.8	9%
Tourism Group	22.0	24.3	(9%)	21.9	23.8	(8%)
Joint Venture (excl. TH2)	9.3	7.4	26%	9.9	7.3	36%
Associates	4.2	8.4	(50%)	4.3	4.2	2%
Group Support Services	(1.3)	(3.5)	(63%)	(4.1)	(1.4)	204%
Total Net Funds Employed before Togo Group	**436.8**	**400.8**	**9%**	**436.9**	**403.7**	**8%**
Togo Group*	43.3	13.5	221%	42.3	45.1	(6%)
Total Net Funds Employed including Togo Group	**480.1**	**414.3**	**16%**	**479.2**	**448.8**	**7%**

* ***thl*** average funds calculated over a 12 month period.

Gain on vehicle sales and gross profit

$M	Full Year FY19	Full Year FY18	Full Year VAR	Full Year VAR %	6 Months to June FY19	6 Months to June FY18	6 Months to June VAR	6 Months to June VAR %	6 Months to December FY19	6 Months to December FY18	6 Months to December VAR	6 Months to December VAR %
Proceeds from sales of motorhome fleet	109.6	128.5	(18.8)	(15%)	56.9	66.6	(9.6)	(14%)	52.7	61.9	(9.2)	(15%)
Net book value of vehicles sold (incl writeoffs)	95.6	108.1	(12.6)	(12%)	50.0	56.1	(6.2)	(11%)	45.6	52.0	(6.4)	(12%)
Gain on sales of motorhome fleet before selling costs	**14.1**	**20.3**	**(6.3)**	**(31%)**	**6.9**	**10.4**	**(3.5)**	**(33%)**	**7.1**	**9.9**	**(2.8)**	**(28%)**
Vehicle sales costs (warranty only)	1.2	1.4	(0.2)	(15%)	0.7	0.8	(0.1)	(8%)	0.5	0.6	(0.1)	(23%)
Gain on sales of motorhome fleet after selling costs	**12.9**	**18.9**	**(6.1)**	**(32%)**	**6.2**	**9.6**	**(3.4)**	**(35%)**	**6.7**	**9.3**	**(2.6)**	**(28%)**
Gross profit on non-fleet vehicles, retail and accessory sales	3.5	4.1	(0.5)	(13%)	1.7	2.1	(0.3)	(17%)	1.8	2.0	(0.2)	(10%)
Reported gross profit	**16.4**	**23.0**	**(6.6)**	**(29%)**	**8.0**	**11.7**	**(3.8)**	**(32%)**	**8.5**	**11.3**	**(2.8)**	**(25%)**
Total average gain on sale ($000) after selling costs	**8.0**	**9.5**	**(1.5)**	**(16%)**	**7.2**	**11.8**	**(4.6)**	**(39%)**	**8.9**	**9.2**	**(0.2)**	**(2%)**
Fleet motorhomes sold (incl writeoffs, excl buybacks)												
AU	255	304	(49)	(16%)	108	150	(42)	(28%)	147	154	(7)	(5%)
NZ	489	372	117	31%	290	198	92	46%	199	174	25	14%
US	869	1,314	(445)	(34%)	469	626	(157)	(25%)	400	688	(288)	(42%)
Total fleet motorhomes sold (units), excl. buybacks	**1,613**	**1,990**	**(377)**	**(19%)**	**867**	**974**	**(107)**	**(11%)**	**746**	**1,016**	**(270)**	**(27%)**

Flex fleet sales on buy-backs excluded from above	**FY19**	**FY18**
AU	307	360
NZ	10	92
	317	**452**

Total fleet sales	**FY19**	**FY18**
AU	562	664
NZ	499	464
US	869	1,314
	1,930	**2,442**