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TOURISM HOLDINGS LIMITED (*thl*)

2025 ANNUAL MEETING ADDRESS

Chair's address – Cathy Quinn ONZM

Reflections on FY25

It has been well publicised that the RV industry has had a very challenging last 12 months on a global basis and many industry operators are making a loss. We have clearly been impacted by that however remain fortunate relative to many in that we have a strong balance sheet, resilient business model and importantly have a positive tourism outlook, which is the core of the business.

Within this context we recognise FY25 was a challenging year for *thl*. We are well aware that we did not achieve our targeted 15% Return on Funds Employed and have acted accordingly. Our underlying net profit after tax was \$28.7 million, representing a 45% decline on the prior year. The statutory net loss after tax of \$25.8 million was driven by several one-off items which are detailed in our Investor Presentation.

The most significant headwind remains the subdued global consumer demand for purchasing RVs, which has had a material impact on our performance, both in FY25 and the prior year. Shifting consumer sentiment, uncertainty around global tariffs, and fluctuating expectations on interest rates, further compounded what was already a complex operating environment.

Balancing those conditions *thl* is fortunate to benefit from the positive tailwinds in RV rentals driven by the recovery in international tourism. Canada, Australia and New Zealand all have Governments that we believe are strongly aligned with tourism growth. They recognise the opportunities tourism brings to their economies and are implementing supportive policies and investment. We're seeing the benefit of these actions and we share the industry's view that this momentum and growth will continue for several years to come.

We had areas of strong performance within the group, with our New Zealand Rentals & Sales and New Zealand Tourism businesses both delivering record EBIT results.

Australia delivered a strong performance in RV rentals, offset by the weakness in the Australian Retail Dealerships division.

In the United States, our high season rental performance was impacted by the decline in sentiment for inbound international travel. While there was some substitution benefit from the US to Canada, this was not meaningful enough to offset the decline in the US.

Recognising the operating conditions and acknowledging that the financial performance was not adequate, the Board and Management acted and have consolidated and released funds where appropriate. The company has shown the ability to challenge past decisions, step back where necessary and refocus towards markets with more certain growth.

Throughout 2025, we were engaged in the work that ultimately led to the strategic initiatives we announced in August. These initiatives involve our operations in the UK & Ireland, the Australian Retail network, Australasian Manufacturing, and North America. We are progressing well with each of these initiatives and will provide further updates as new developments occur.

Focused on the future

The planning we've done throughout this year culminated in the release of our growth roadmap in August, as part of which the Board and Management have reset the goal to deliver \$100 million in annualised net profit after tax in the next three to four years.

We recognise that achieving this goal involves risk, and that setting an aspirational goal does not take away the global uncertainty and challenging macroeconomic conditions we continue to face. The risk of an extended economic downturn remains, inflationary pressures appear to be persisting, and although the tariff landscape in North America has settled for the time being, that could always change.

Focusing on New Zealand for a moment, in recent weeks there seems to have been marked increase in recognition of the severity of the current downturn. It's something we've been seeing in the leisure sector and talking about for well over a year. All types of businesses selling RVs, boats, bikes and other high-value discretionary products have had it extremely tough.

As a result of this recognition, expectations around central bank action in New Zealand have also accelerated, with the recent half percentage point cut, and the expected low point of this easing cycle having potentially moved even lower. Over in Australia, the US and Canada, market participants are expecting further rate cuts through late 2025 and into the first half of 2026.

This reaffirms our view that both **thl** and the wider industry are turning the corner. We believe we've moved past our peak in net debt and have returned to generating positive operating cashflows in FY25. We believe that the actions we're taking today will secure long-term value for **thl**, its shareholders and its crew.

Looking ahead, we're confident about the return to growth in FY26, supported by the continued recovery in international tourism and rental revenue, alongside the significant capital investment we've made in expanding our fleet in recent years.

Non-binding offer from BGH consortium

As you will be aware, in June 2025 we received a non-binding indicative offer to acquire **thl** from a consortium comprising BGH Capital and the Trouchet family interests.

In fulfilling our duties as Directors to act in the best interests of shareholders, the Board commenced a thorough process to inform our response to this offer.

The Board formed a Takeover Committee who, with the support of our financial and legal advisers, undertook a comprehensive assessment of the consortium's proposal relative to our view on **thl**'s outlook, earnings capacity and valuation.

Because the planning of our strategic initiatives was well advanced, the Board had a clear steer on **thl**'s future direction.

The conclusion of this process ultimately saw the Board decline the offer of \$2.30 per share on 4 August, on the basis that it significantly undervalued the company. We provided an indication of our view on value at well north of \$3.00 and also indicated that we remained open to engagement in the event of a significantly improved offer from the BGH consortium or other potential bidders.

We've not had any further communication from BGH Capital since that response was provided in early August. We know it's critical that the Board and Management remain focused on executing our strategic plan and delivering on the growth roadmap we've set out.

Before handing over to Grant, I'd like to take a moment to acknowledge and thank our broader **thl** crew for their contributions during another challenging year across many regions. On behalf of the Board, we appreciate your combined efforts and commitment to strengthening our core business and the future of **thl**.

CEO's address – Grant Webster

FY25 Summary

We find ourselves in an interesting position today where we're emerging from a challenging year, but with a clear sense of direction and growing confidence in what lies ahead. On one hand, our FY25 group result was disappointing and fell well short of what we expect from **thl**. A Return on Funds Employed of 6.9%, against a target of at least 15%, is not good enough. On the other hand, we have and continue to undertake a huge amount of work across both strategic and operational initiatives, giving us confidence in the path forward.

As Cathy highlighted, the most significant overarching factor affecting our performance in FY25 was the soft consumer demand for purchasing recreational vehicles, as seen across the entire RV and broader leisure industry.

Despite this, our New Zealand Rentals & Sales and New Zealand Tourism divisions delivered record EBIT results and exceeded our ROFE targets, even with international visitor arrivals still lagging behind pre-COVID volumes. These businesses have now achieved record results in two years running and with investments, like the site we're at today, we're confident that we've built the capacity for another record year for these divisions in FY26. This is a clear reflection of the momentum we're seeing in New Zealand.

Looking beyond our shores, our Australian business delivered a ROFE of around 5%, where the higher ROFE from our core rentals business was offset by operating losses from our Retail Dealerships.

North America was also impacted by poor RV sales. Additionally, it had the impact from a decline in international tourism to the US. While Canada saw an increase, this wasn't enough to offset the decline in the US.

Action Manufacturing also had a strong year, significantly exceeding our ROFE target, even though the result was slightly down year-on-year. Action has gone from strength to strength in its third-party commercial manufacturing operations, having acquired and integrated several small businesses in recent years. That said, this business is impacted by the capex cycles of its commercial customers. Freight companies tend to cut back on their capital spending plans in times of economic uncertainty. Historically, we've seen this as a timing issue, with new vehicle purchases delayed rather than cancelled, as older vehicles are kept in service longer.

In Australian Manufacturing, we've made a lot of progress this year after bringing both New Zealand and Australian operations under a single leadership team. While there's more work ahead, this change has helped identify the opportunities that should improve manufacturing returns across both regions.

The UK & Ireland division had a disappointing year where it was once again impacted by delays in the delivery of new vehicles from manufacturers, resulting in a reduced peak season fleet. That is a critical issue for a region where tourism is highly seasonal. This is not an excuse for the performance of this division. It's one area where the expected benefits from the merger with Apollo haven't materialised as expected and in fact have gone the other way, with significant inflation pressures and cost increases in some areas. We're actively exploring strategic options for this division, including the potential to fully or partially release funds employed.

We can't control the global factors impacting our industry, but we can control how we respond. Having just reflected on the year that's been, it won't surprise you that our four strategic initiatives are focused on the UK & Ireland business, the Australian Retail business, Australasian Manufacturing and the broader North American business. As a group, we have some divisions performing exceptionally well. Our focus now is on continuing to grow those strong performers, while taking decisive action to lift the areas that aren't meeting expectations.

Key achievements over the year

I'd like to take a moment to reflect on some of our key achievements and investment initiatives over the past year. We believe we are the global leader in the RV rental industry, but it's in our DNA to keep challenging ourselves and strive for more. I'm proud of all the dedication shown by our crew, in driving these activities forward while also in managing a rental business experiencing significant volume growth, particularly in Australia and New Zealand.

While we've highlighted a few standout achievements, the list could easily be much longer and if I were to walk through each one, we'd be here all day.

One activity I do want to highlight is how our crew navigated the uncertainty surrounding the North American tariff regime and its impact on our operations. The operating environment was such that almost every day there was a new development that had the potential to reshape our plans. At one stage, the team was actively managing eight different scenarios depending on the reciprocity of tariffs and the timing of their implementation or removal. Once we made the call that tariffs were likely to impact our 2025 Canadian fleet, we completely reworked our fleet plan for the year which involved relocating around 200 of our existing vehicles from the U.S. to Canada within just a couple of weeks, ahead of the tariffs coming into effect. In a worst-case scenario, these developments could have had a significant financial impact on our performance for the year, but this was extremely well managed by the team under the circumstances.

We've also had another huge year in digital transformation. We completed the global roll-out of our Fleet Management system, with Canada being the final country to come online. With every country now on the same system, we're finding insights that we can apply across regions and are already seeing good wins. We also successfully rolled out new HR, Content Management and Enterprise Asset Management systems. While I've just referenced these three systems in one sentence, each of these was a significant project in its own right and well managed by our crew. This milestone largely marks the conclusion of a multi-year digital transformation roadmap and is a significant achievement for the business.



I also want to acknowledge the cultural transformation we've been driving in health, safety and wellbeing. In 2023 we launched "Protect", our internal brand for crew safety engagement. It's now a highly visible and integral part of our operations, and those joining today's site tours will see its presence throughout our back-of-house areas. Over the year we held over 500 "Power Ups", which are structured conversations between branch managers and crew focused on specific health and safety topics. I'm proud of the global buy-in to this initiative from our crew, and we're seeing tangible results, including a 43% reduction in our lost-time injury frequency rate. We know that health and safety is a continuous journey, and we remain committed to continue to challenge ourselves.

Growth in international tourism and RV rentals

Given the close correlation between international tourism volumes and activity in our RV rentals business, it's worth taking a moment to look at the position of international tourism today. I will focus on New Zealand, Australia and Canada, which are our three markets where international customers are the larger proportion of the total customer base. The UK market is predominantly domestic and that business is currently under strategic review, and while the U.S. market is typically around 50% international customers, the current situation makes it somewhat difficult to predict the direction for inbound international travel.

Across New Zealand, Australia and Canada, international visitor arrivals are still tracking below pre-COVID levels. But what's encouraging is that each of these countries is actively investing in their tourism recovery and long-term growth.

In New Zealand we've seen the Government launch the tourism growth roadmap, aimed at returning international visitor numbers to at least pre-COVID levels by 2026, and a commitment to invest \$35 million this financial year, on top of the previously announced \$20 million Tourism Boost investment.

In Australia, we're seeing the Government forecasting a full recovery to exceed pre-pandemic levels in 2026, and a clear growth plan for the visitor economy in its THRIVE 2030 strategy. In Canada, there are similar initiatives and investment including Destination Canada's 2030 Tourism Strategy.

We welcome the renewed focus from Governments on growing tourism and are pleased to see that it's not just about getting to pre-pandemic levels, but a focus for ongoing growth. At a certain point we have to stop referencing pre-COVID as our baseline.

Here in New Zealand, we believe the tourism industry can once again be a powerhouse for the economy. Within that, our category of travel can play a key role in getting tourism dollars out of the usual urban gateways and into the regions where they make a real difference.

Looking at the data on the screen, we can see that our fleet growth is generally tracking in line with, or slightly behind, the rebound in international tourism volumes. In New Zealand and Australia, this allows us to maximise the utilisation of our existing fleet, which was a key strategic rationale behind the Apollo merger. To be able to do more with less. Positively, it also highlights the opportunity for further fleet growth as tourism volumes continue to recover.

We believe there is real momentum in the rentals business and that this has kicked into a higher gear in 2025. On the bottom right-hand side of the screen, you'll see that in each of these markets, the growth in our forward rental bookings compared to 12 months ago is significantly over-indexing the growth in international visitor arrivals in that period.

We do have to be mindful that these figures represent early bookings and that it's unlikely these growth rates will sustain throughout the entire year. They nonetheless place us in a strong position for rentals heading into the peak season.

Key strategic initiatives

As part of our growth roadmap, we outlined four key strategic initiatives. The slide on screen is taken directly from that presentation. Since we've already touched on these initiatives several times this morning, I won't go through each one in detail.

We're not providing any major updates on these today, as our intention is to inform shareholders when key decisions are actioned. There is also some commercial sensitivity around the specifics. Earlier this month, we confirmed the exit from two standalone dealerships in Australia, which forms part of our broader efforts to rationalise products and brands, streamline our organisational structure and further reduce inventory and capital employed in that division. We have commenced closing down sales at both sites and are progressing a range of options to manage the exits effectively.

Our North American synergy project has been in the works for some time. Unfortunately, the introduction of tariffs in that market meant we couldn't realise the benefits in 2025, effectively pushing the timeline back by a year. The good news is that we can now acquire RVs for Canada and sell them into the US without tariffs. This unlocks the opportunity to accelerate the project, and we remain confident that it will be a key driver in improving the profitability of the business in that region.

We have made, and continue to make, strong progress across all these initiatives and expect to be able to share more with you by the end of the calendar year.

Trading update and outlook

Looking at our first quarter results, the trends are very much in line with what we saw in FY25. With the exception of the US, we've had a strong start across all other markets on the rentals side of the business, with growth in New Zealand, Australia, Canada and UK/Ireland. Positively, our forward book for the remainder of the financial year for New Zealand, Australia and Canada are each sitting around 20% ahead of last year. As I mentioned before, while it's unlikely these rates will hold all year, they do reflect the positive position we're in today.

Looking ahead, our focus is threefold: executing the strategic initiatives we've set out, maximising the ongoing recovery in international tourism and RV rentals, and continuing to drive cost-out actions.

We see FY26 as a transitional year as we implement these changes against a backdrop of continued weakness in RV sales and uncertainty around recovery timing. The benefits of these changes should be evident in FY27.

Within FY26, we expect growth in New Zealand Rentals & Sales, Australian Rentals, Canada, UK/Ireland and the Tourism businesses. However, this will likely be partly offset by declines in the US, Australian Retail and Manufacturing.

We're not providing profit guidance for FY26 at this stage, given we're only three months into the year and have a number of transformative actions underway. That said, we remain confident that we've turned a corner and expect a return to NPAT growth in this financial year.



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

thl is a global tourism operator listed on the NZX and ASX (code: THL) and is the largest commercial RV rental operator in the world. In New Zealand/Australia, **thl** operates rental brands (Maui, Britz, Apollo, Mighty, Hippie, Cheapa Campa), manufacturing (Action Manufacturing, Apollo), retail brands (Talvor, Kea, Winnebago, Adria, Coromal, Windsor), retail dealerships (RV Super Centre, Apollo RV Sales, George Day, Camperagent), travel technology (Triptech) and tourism attractions (Kiwi Experience and the Discover Waitomo Group, which includes Waitomo Glowworm Caves, Ruakuri Cave, Aranui Cave and The Legendary Black Water Rafting Co.). In North America, **thl** operates the Road Bear RV, El Monte RV, CanaDream, Britz and Mighty rental brands. In UK and Europe, **thl** operates the Just go, Apollo and Bunk Campers rental brands.