FY24 GUIDANCE UPDATE

6 MAY 2024

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Summary

- Following a review of all divisions, *thl* now expects NPAT in FY24 to be between $50M and $53M. This compares to earlier guidance set in February 2024 for NPAT to be around $75M

- The weakening economy has impacted most regions and business divisions negatively. Vehicle sales have been a major factor globally, with sales volumes and margins now declining more quickly than expected in most markets. Over 50% of the overall group EBIT decline is attributable to the Australian Retail Dealership division and in particular, a shortfall in the sales volumes of high-margin ex-fleet vehicles

- Rental yields have generally met expectations in most markets, however a recent slowdown in forward booking intakes for the Australasian shoulder season will lead to a poorer rental performance than earlier forecasts in the remainder of FY24

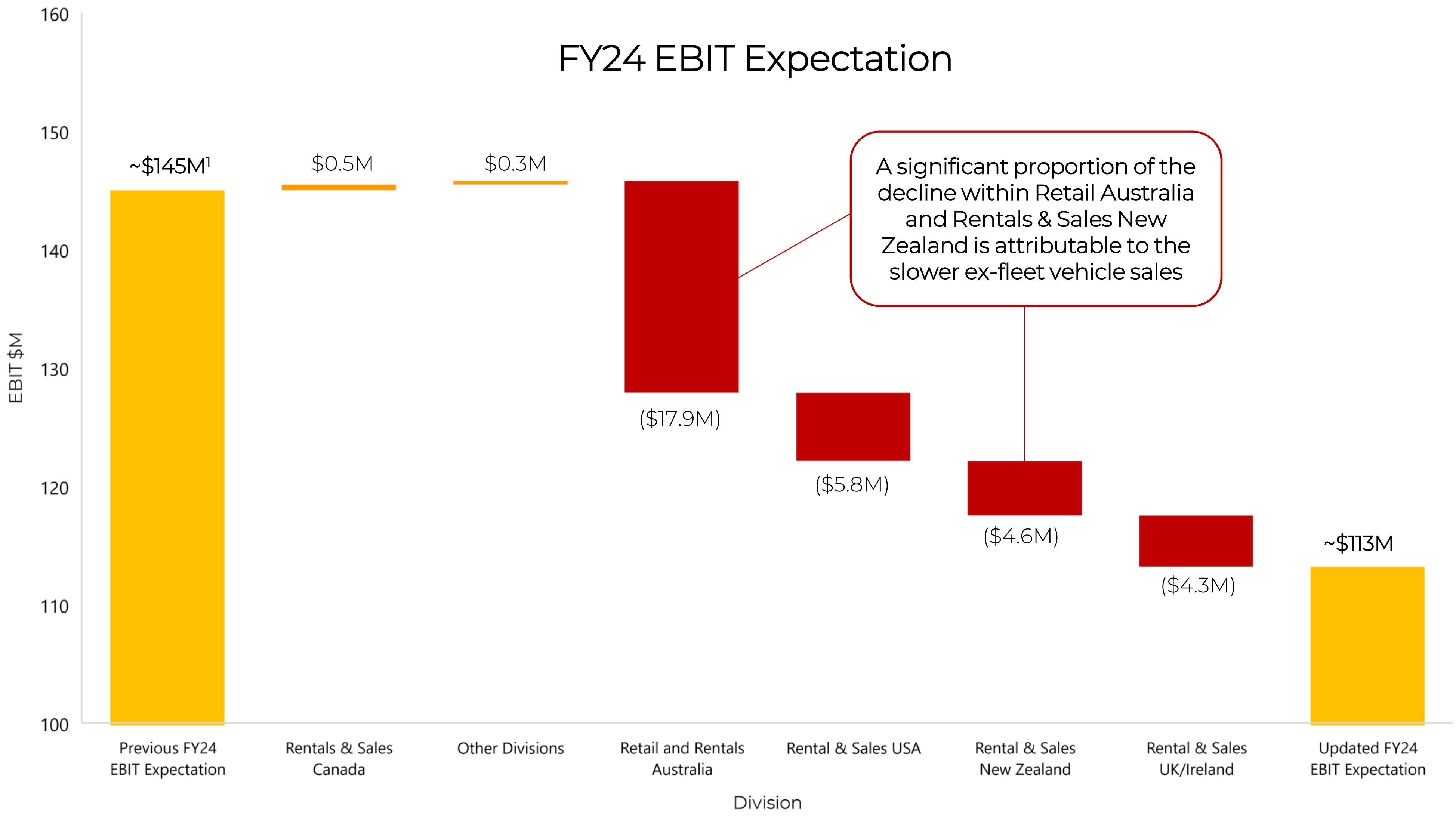
- *thl* is forecasting to be compliant with its covenant assessments for the 30 June 2024 quarter, however it will engage with its banking syndicate to seek to amend its covenant package to better reflect current trading conditions

- *thl* believes it is probable there will be impairment in relation to the UK/Ireland business division as part of the upcoming year-end process

- Based on a positive rental growth outlook and a recovery in the retail sales market to normal conditions, *thl* has retained the goal of $100M NPAT in FY26, however expectations for FY25 are now below the FY23 Pro Forma NPAT of $77.1M

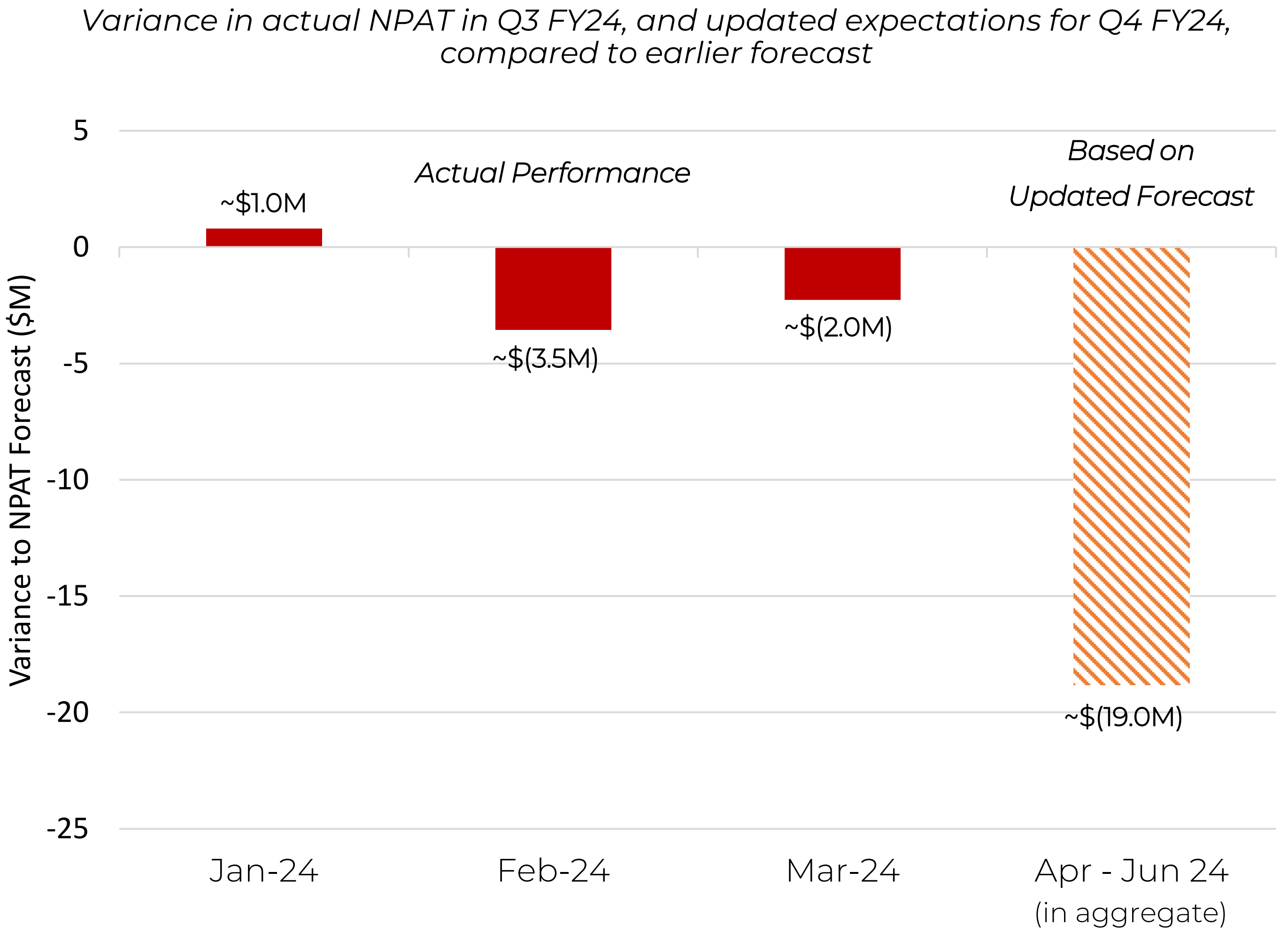
The changes to our EBIT expectations by division

There are significant declines across most divisions, but weighted towards vehicle sales



[1] *~$145M EBIT is equivalent to earlier guidance for NPAT of around $75M*

Market conditions have deteriorated more rapidly than anticipated, particularly in Q4 FY24



- While year-to-date trading to February 2024 was down by circa ~$2.5M, there were several opportunities targeted to make up the shortfall over the remainder of FY24
- As actual results for March 2024 were finalised in late April, this showed a further decline in performance on expectation. Combined with a slowdown in rental booking intakes, it was decided to revisit all assumptions underlying the forecast for Q4 FY24
- This review process identified significant unforeseen changes in expectations from most business divisions, to the amount of an ~$19M decline in NPAT in Q4 compared to earlier forecasts
- *thl* entered a trading halt while the review process was finalised

However future rental periods are not expected to be as significantly impacted

The intake of rental hire days into the upcoming 2024/2025 high season is tracking significantly ahead of the prior year. The current intake reflects a single digit percentage decline in average yield which is in line with our allowances

The intake of rental hire days for FY25 are tracking in line with the prior year. The current intake reflects a small single digit percentage decline in average yield which is in line with our allowances

The intake of rental hire days for the 2025 high season shows strong growth on the prior year. The greater mix of international to domestic bookings has had a negative impact on average yields

The intake of rental hire days for the 2025 high season shows growth on the prior year. Average yields are currently single digit percentage down due to a greater number of bookings on early bird discount rates

The intake of rental hire days for the 2025 high season shows growth on the prior year, with average yields holding flat

Outlook

Outlook for FY24, FY25 and FY26

- Given the recent trading performance in April and the deterioration in outlook for the remainder of Q4, we currently expect net profit after tax in FY24 to be between $50M and $53M

- We consider the current impact to be reflective of current economic conditions which should improve over time. We do not see any signs of a structural change for demand for RVs

- The Manufacturing and Tourism businesses are tracking in line with our earlier expectations

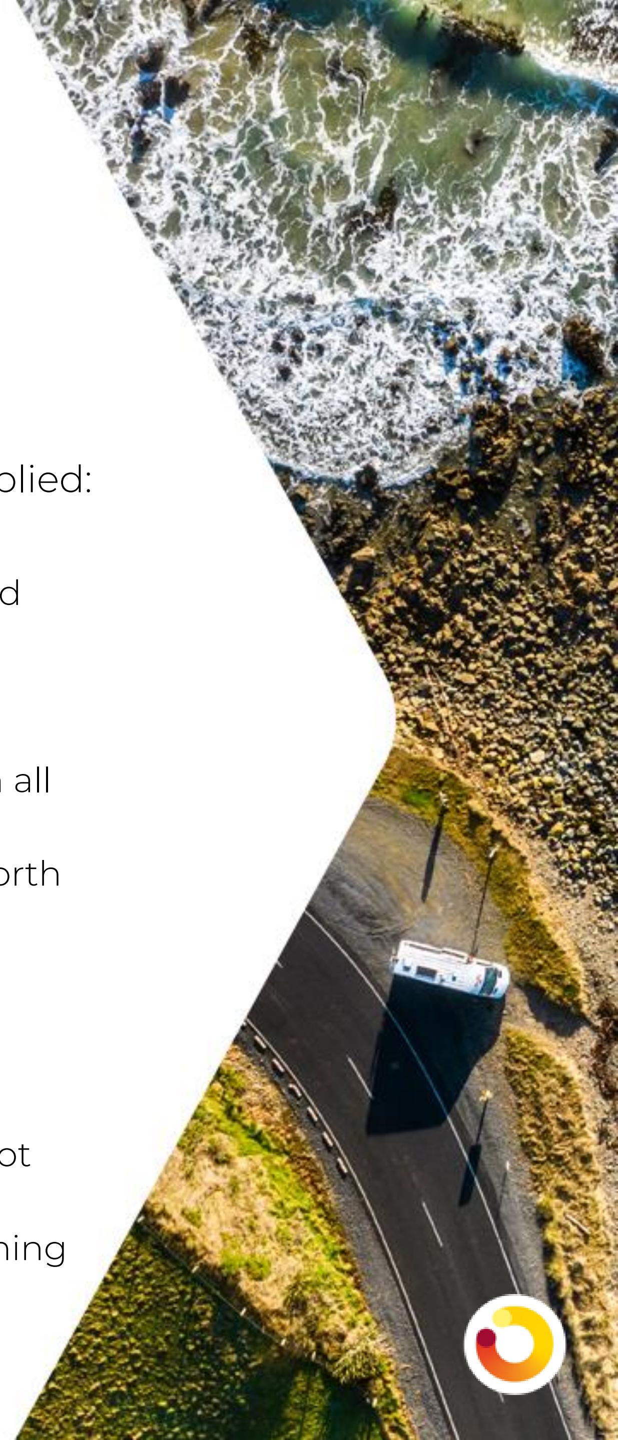
- We have retained our goal for $100M NPAT in FY26. We have considered the assumptions underlying our goal and believe the goal remains appropriate based on a positive rental growth outlook and a recovery in the RV sales market globally

- However, our expectations for FY25 are now below the FY23 Pro Forma NPAT of $77.1M, and below the current analyst consensus of ~$87M

- We intend to slow fleet purchases across the next 12 months and expect our rental fleet to be below 9,000 at the end of FY25 (previous guidance below ~9,500)

Our assumptions for FY26

- We have reviewed all our high-level assumptions for FY25 and FY26, considering the recent trading performance and economic environment
- We continue to expect the transition of group profitability from vehicle sales profits towards greater rental earnings over the coming years
- When considering the FY26 $100M NPAT goal, the following key assumptions have been applied:
  - Rental yields: Fall from FY24 to FY25 in all markets and stabilise or have small growth in FY26
  - Hire days: Growth in days reaches or exceeds pre-COVID-19 levels in FY26 for Australia, UK and Canada. Hire days in the USA and New Zealand remain below pre-COVID levels in FY26
  - Utilisation: All markets being broadly aligned with historical utilisation levels or better where synergies have been identified
  - Vehicle sales volumes: Ex-fleet sales volumes broadly aligned with pre-COVID-19 quantities in all markets
  - Vehicle sales margins: Above pre-COVID-19 levels for Canada and the USA (accounting for North American synergies). Margins in line with pre COVID-19 for Australia and New Zealand
  - Synergies: Full realisation of originally scoped synergies relating to the Apollo merger which remains on track
  - General costs: Increasing in line with general market movements (and above our previous expectations)
  - Australian retail dealerships: We have allowed for continued softness in this division and do not expect it to achieve the returns that were delivered through the COVID-19 period
  - General tourism: We are confident in ongoing tourism demand growth globally over the coming years which will underpin a positive tourism economic sentiment



Other implications

Financing

- Based on the updated forecast, *thl* is forecasting to be compliant with its covenant assessments for the 30 June 2024 quarter. However, it will engage with its banking syndicate to seek to amend its covenant package to better reflect current trading conditions
- The outlook for future quarters has greater tolerance than the June 2024 quarter

Asset impairments

- With the recent deterioration in outlook, *thl* has considered parts of the group that may be at risk of potential impairment. Based on this initial work, *thl* believes that it is probable that there will be impairment in relation to the UK/Ireland business division
- An impairment assessment on this asset will be undertaken as part of the upcoming 2024 year-end process
- The value of any potential impairment has not been allowed for in the updated earnings guidance for FY24

Divisional View

The expectation for fewer ex-fleet sales across ANZ has a material impact on group performance

H2 FY24	Original Forecast	Updated Forecast (Including Q3 Actual)	Shortfall	Gross Profit on Shortfall
Ex-fleet vehicle sales in Australia and New Zealand	~550 unit sales	~235 unit sales	~315 unit sales	~NZ$13.5m

- *thl* generates a higher group margin on the sale of ex-fleet vehicles which are manufactured in-house and depreciated while on the rental fleet
- Each division (manufacturing and rental) generates a margin which is not realised until the vehicle is sold to a third party by the Retail division
- Collectively, the margin on the sale of these vehicles is currently higher than historical at circa ~A$50k per unit in Australia and ~NZ$30k in New Zealand
- Consequently, the shortfall of ~315 sales in H2 to earlier forecasts results in a negative gross profit impact of ~NZ$13.5m within H2 FY24[1]
- The opportunity to sell these vehicles and realise the embedded equity/margin has not deteriorated. These vehicles will be sold at a future date

[1] *The expected EBIT decline on earlier expectations in New Zealand Rentals & Sales (detailed on slide 4) is less than the total gross profit shortfall from fewer ex-fleet sales in that division, as there was outperformance on expectations by the rentals business in Q3 FY24*

Vehicle sales in Q4 FY24

Change in expectations compared to earlier forecast

~180 reduction in expected unit sales with ~NZ$7,500 decline in the average sales margins

On a same-store basis, a circa ~215 fall in expected new and used unit sales. Overall volume reduction to be mitigated by inclusion of CamperAgent sales. Small decline in average sales margins[1]

Increase in sales volumes to be driven by large wholesale transactions, however at circa US$5,000 lower margins than earlier expectations

Increase in sales volumes to be driven by large wholesale transactions and new retail pricing strategy to drive greater retail sales at better mix of average sales margins

~100 (-70%) reduction in expected unit sales with a small decline in average sales margins

[1] *A large proportion of the impact to Australian Retail in H2 FY24 was incurred in the late weeks of Q3 FY24*

Rentals in Q4 FY24

Change in expectations compared to earlier forecast

The intake of hire days has growth on the prior year but with smaller growth than trending in earlier months. Average yields are in line with expectations with a small decline on the pcp

Hire day intakes are in line with the prior year and lower than earlier expectations due to recent weakness in domestic business and a late booking pattern. Average yields are in line with expectations and down ~10% on the pcp

Rental income for the last quarter is down around 10% on expectations with a slowdown in domestic activity. International hire days are up on expectations with the greater mix of international bookings dropping average yield

Bookings have tracked in line with expectations. International business has continued to book late and yields have been maintained in line with the pcp

Uncertain timing on delivery of new vehicles from the manufacturers has impacted ability to take rental bookings for the early high season. Yields remain in line with the pcp

Q&A


Thank you