

15<sup>th</sup> January 2007

**NZX ANNOUNCEMENT  
FOR IMMEDIATE RELEASE**

**Ci Munro  
Manufacturing Re-location**



**Ci Munro – Description**

Ci Munro is a subsidiary of Tourism Holdings Limited, New Zealand's premier tourism company, with operations in rentals, attractions and coaching. Tourism Holdings Ltd has extensive New Zealand operations, and also has a major presence in tourism in Australia and in Fiji. It is listed on the New Zealand Exchange (NZX) under the issuer code THL.

Ci Munro manufactures motor homes, campervans, caravans and other special purpose vehicles in New Zealand for the New Zealand and Australian markets. It has a dominant position in the domestic market for motorhomes and campervans, supplying fellow THL companies Maui Rentals and Britz Rentals as well as other rental operators including Pacific Horizon and United Rentals.

Ci Munro is based in Main North Road Otorohanga and is one of the town's largest employers, with 110 people in that location. Whilst historically a seasonal employer accommodating the needs of sister companies and other build requirements, in recent years Ci Munro has evolved into a permanent employer with a commitment to training and retaining quality staff.

**History**

Ci Munro has been in existence since 1948, when it commenced production of the Crusader range of caravans. In the late 1960s the company purchased Oxford Levin and became a member of the then world-wide Caravans International Group, which provided a range of Crusader, Oxford and Sprite Caravans. Production of motor homes began in the 1970s.

Ci Munro was acquired by Tourism Holdings Ltd in 1995 and is today one of four divisions within the company.

**Operations**

Ci Munro has its own Research & Development Department and Assembly Operations which include its own furniture manufacturing facility; and a separate fibreglass manufacturing factory.

The Research and Development Department manages development from concept to manufacture for both the sister companies and other customers.

The Furniture Department manufactures and sub-assembles the interior units of the motor homes prior to installation on the assembly line.

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Plumbers and electricians install the appliances and wiring at various stages as the motor homes and caravans proceed through the assembly lines and all units are finished with interior décor, completing the state-of-the-art recreational vehicle for tourists and private customers.

### **Recent development**

In February 2006 a new range of Oxford caravan models was launched.

In April 2006 work commenced on new Maui motor home designs for launch in 2007.

Results for the 2006 financial year were affected by the downturn in New Zealand tourism and the resulting softness in build requirements. Cost reductions were implemented to adjust to the lower demand.

A review of the business led to agreement on a new strategy to ensure the company delivers a range of modern motor homes and caravans that are competitive in specification, quality and cost terms for both rental and private retail customers. Products will be manufactured using state-of-the-art materials and processes, supported by newly-commissioned, numerically-controlled manufacturing machinery.

### **Growth opportunities**

Key opportunities for the company include:

- Caravans for the retail markets in New Zealand and Australia
- Building caravans under contract for the Australian market
- Building of motor homes for the private market in New Zealand and Australia
- Holiday homes

### **Relocation of the Otorohanga manufacturing facility**

After considering various options, including remaining at the Otorohanga site, the company has decided to move the operations currently on the site to Te Rapa, Hamilton. The purpose of the move is to provide for the current and future needs of the business as it expands to meet growth in its markets.

Most importantly, access to staff in the numbers required, and to the required skill base, demands that the business be located in or near a larger industrial centre.

The business is currently over 40 staff short, and thus has a significant recruitment need to deal with the level of business anticipated for the coming year.

The move will also facilitate the upgrade of machinery to meet future technical and quality requirements. The company anticipates investing \$1,300,000 on new or improved machinery and systems as part of the relocation.

The need for additional manufacturing space is also a factor in the relocation. The move will increase the short-term availability of factory space by about 30 percent, and also create options for further expansion on-site.

The move will also provide a reduction in some operating costs; principally in freight and logistics.

### **Relocation details**

The complete operation will be relocated to an as yet to be confirmed new site in Te Rapa, Hamilton.

The move will be carried out in four principle phases:

1. Relocation of caravan building and some administration to a temporary site at Kapuni Street, Te Rapa in late January 2007.
2. Relocation of some motor home building to Kapuni Street in April/May 2007.
3. Relocation of the balance of the business to, an as yet to be confirmed, final new base in Te Rapa, is anticipated to occur no later than December 2007.
4. Relocation of caravan building from the temporary Kapuni Street facility to an as yet to be confirmed new base in Te Rapa.

The company is yet to determine what will happen to the existing Otorohanga site.

Planning for the first phase, the relocation of caravan manufacture, is well advanced. Planning for subsequent phases is underway.

Business will be carried out as normal through each phase of the process – ie. motor home building and other operations will continue at Otorohanga until they are moved to the new location.

The move will be carried out under the management of Ci Munro General Manager, Paul Hebbard.

### **Impact on staff**

The company recognises that any change can be unsettling for staff, but stresses that the shift is about growing the business in the long-term interests of staff, customers, the owner and other stakeholders.

The company wishes to retain every member of the staff during the relocation and beyond. No-one will be made redundant as a result of the shift, and there will be no change in working conditions as a result of the shift.

The company believes the most significant practical impact on staff, most of whom live in Otorohanga, will be the additional travel involved in working in Te Rapa. It will therefore provide bus transport for all employees who need to travel to work at the new site [for a period of 12 months following the last phase of the shift, when the provision of this service will be reevaluated]. As an alternative option, staff covered by the Collective Employment Agreement on site have the option to commute with their own vehicles and receive a daily tax free travel allowance.

It is recognised that staff must interpret and respond to the shift in terms of its impact on their individual circumstances. These are outside the company's ability to anticipate and deal with, but with a view to staff welfare the company wishes to play a constructive part in this process where it can. Accordingly, it will provide access to appropriate advice to assist any staff who need it to deal

with the practical or other effects of the shift. This advice will be provided by independent suppliers at the company's expense

The company will provide up-to-date information to staff affected by the shift. It encourages any staff with questions, concerns or suggestions in relation to the shift to put these to their manager.

**Trevor Hall**  
**Chief Executive Officer**  
**Tourism Holdings Limited**

**Paul Heberd**  
**General Manager**  
**CI Munro**