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NZX / MEDIA ANNOUNCEMENT



Tourism Holdings Limited to enter joint venture with InterCity Group.

Tourism Holdings Limited (THL) and the owners of InterCity Group (NZ) Limited have agreed to form a joint venture to build on the strengths of their nationwide bus and coaching operations and their Northland leisure cruising businesses.

THL will receive a 49 percent shareholding in the joint venture – InterCity Holdings Limited (ICHL) – in exchange for the Fullers Bay of Islands and Great Sights business units. The remaining 51 percent will be held by the current owners of InterCity Group (NZ) Limited (ICG).

The joint venture will bring together THL's premium coaching brand with the management experience of InterCity Group and its extensive bus and coaching network. It will also consolidate management of the maritime assets of the joint venture partners in Northland, one of New Zealand's fastest growing tourist destinations.

The transactions will take effect on 1 December 2007.

THL Chief Executive Trevor Hall says “this opportunity ideally consolidates the industry to create a strong platform with the ability to deliver high quality products that consistently meet the expectations of both international and domestic customers”.

“InterCity Group has grown both organically and by acquisition, and has demonstrated that it is forward thinking on environmental issues that have a much higher profile overseas than New Zealand has acknowledged.

“The synergies from operating a portfolio of leading brands will be significant, and will create further business development opportunities that the joint venture will be positioned to explore,” Mr Hall says.

On completion of the transactions, and the capital restructure of the joint venture, THL will receive approximately \$16 million in cash.

“The funds will be used to reduce debt, and will give exposure to a stronger business while providing THL the freedom to explore opportunities to further leverage the core growth components of its operations.”

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Staff from Fullers Bay of Islands and Great Sight's will be employed by ICG on no less favourable terms. The transfer of staff will be completed by June 30 2008.

The formation of the InterCity Group joint venture and the recent Johnston's Coachlines joint venture will result in the restructuring of the Tourism Leisure Group and may result in up to 30 redundancies within THL.

"We will assist those staff being displaced to find other employment opportunities," Mr Hall says.

InterCity Group will be an independent entity led by Chief Executive Malcolm Johns, who has overseen the growth of the business in the past four years. ICG and THL will each appoint two directors to the board, and there will be an independent chairman. The board members will be Joe Butterfield (Chairman), Glenn Ritchie (MD, Ritchies Transport Holdings Ltd), Paul Snelgrove (MD, Tranzit Group Ltd), Grant Webster (Chief Operating Officer, THL Leisure Group) and Trevor Hall (Chief Executive, THL).

In a separate transaction, THL has sold its inbound tour operator business to Tourmasters South Pacific Ltd.

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Editor's note:

Tourism Holdings Limited is New Zealand's premier tourism company, with extensive operations in Australia and Fiji. Operations include car and motorhome rentals in Australia and New Zealand, a specialist caravan and motorhome manufacturing company in Hamilton, and transport and tourism activities in the Bay of Islands, Auckland, Waitomo and Milford Sound. Tourism Holdings is listed on the New Zealand Exchange under the ticker code THL. Further details on www.thlonline.com

InterCity Group (NZ) Limited is a 100 per cent privately New Zealand owned tourism and passenger transport company. The group was formed in 1991 when the Government privatised the road services division of New Zealand Railways. In 1997 InterCity Group purchased Newmans Coachlines, and in 2006 the group purchased Kings Dolphin Cruises & Tours.

InterCity Group currently transports approximately 1.2 million passengers nationwide each year, including 400,000 tourists, and operates more than 160 daily services to more than 600 towns, cities and communities across New Zealand. From 1 December 2007, InterCity Group's transport network will increase to include more than 180 daily services across New Zealand, stopping at 700 towns, cities and communities and offering customers upwards of 150,000 possible daily transport options. Further details at www.intercity.co.nz

Kings operates a range of marine mammal watching cruises and land based historical tours in Northland. Earlier this year Kings announced its plans to introduce a 150 foot, 30 state room, small cruise ship to the Bay of Islands from September 2009. Further details at www.dolphincruises.co.nz