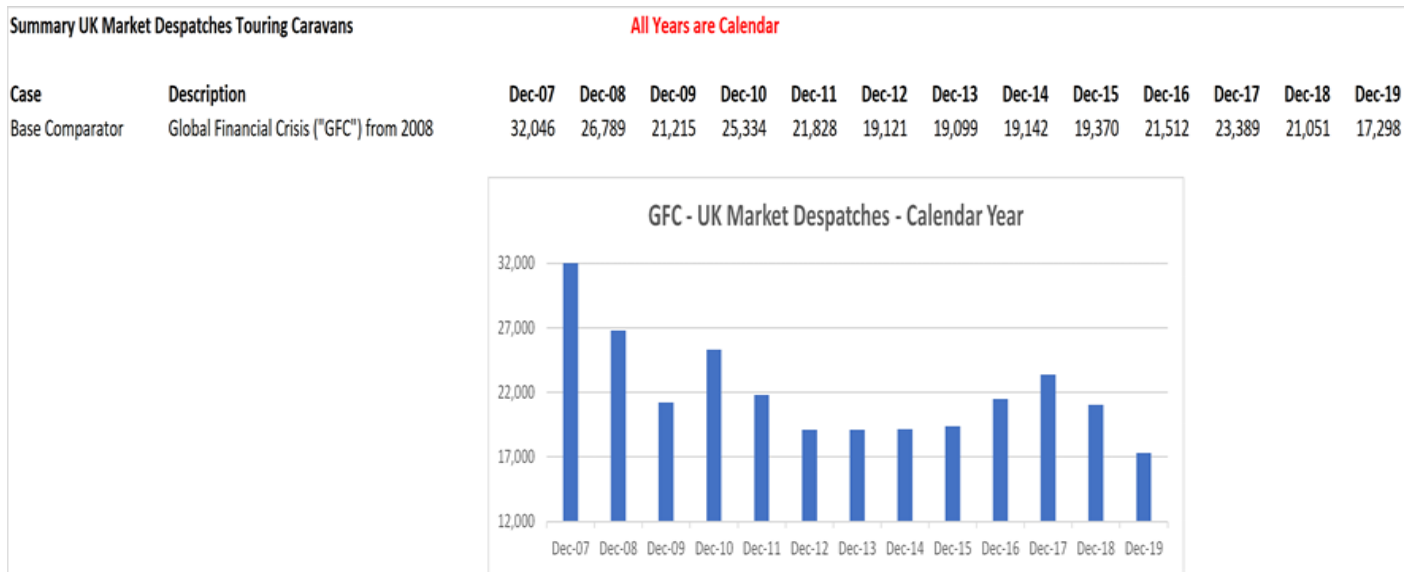


Briefing points on the detailed COVID-19 forecast model for Touring Caravans (“TC”)

Background and base case

- 1 The foundation of the model looks back at the actual events following the Global Financial Crisis (GFC) and the base case model assumes that despatches follow a similar pattern in the subsequent crisis/post-crisis period.
- 2 The initial model looks at the despatches for UK manufacturers. This is thought appropriate because it focuses on physical dispatch activity, which can differ from invoicing.
- 3 In the GFC and subsequent period, it took roughly 3 years to partly recover to a reasonable position i.e. In the 2007 “stable” year before the crisis the market was 32,046 units, falling to 21,215 by 2009, and recovering to 25,334 units in 2010.
- 4 Subsequently the market remained at lower levels in the 2011-2015 period, but grew to 23,389 units in 2017, as confidence returned and the economic background recovered (housing, jobs, pensions, savings, investment, economic confidence, pre-Brexit stability).
- 5 However it reduced again to 21,051 in 2018 and 17,298 as Brexit uncertainty and the success of new designs of Motorhomes weighed against touring caravans.
- 6 It was expected that the market might level off now that post Brexit confidence was expected to return, and we have assumed a flat market in our Pre COVID-19 normalization model.
- 7 The COVID-19 GFC case assumes a similar pattern to the immediate post GFC crisis period, but with an assumption as to the “hard-stop, no activity” period.



Scenarios

We compare 5 scenarios in the initial modelling. They are:

- S1 The *Normalized Market* based on the “Pre COVID-19” market in the period prior to December 19 – The broadly stable/normal period prior to the crisis, in the same was as 2007 was the stable period before the GFC
 - S2 The *GFC Case* assumption that tracks a similar pattern to that seen in the aftermath of the GFC, but with small progressive recovery after the initial shock period
 - S3 A *Low Recovery case* which broadly follows the Global Crisis example, but with limited growth in the out years and a late restart of 1/9/2020
 - S4 A *Moderate Recovery Case* based on a progressive recovery from staycation and confidence improvement with a quicker restart of 1/8/2020
 - S5 A *Stronger Recovery Case* based on a more robust recovery from staycation and confidence and a restart on 1/7/20
- 8 The Moderate Recovery scenario assumes that by 2025 the market recovers back to 92% of the immediate Pre-COVID-19 market of 2019, at 15,890 units, with growth of 3% in the out-years
- 9 The Strong Recovery scenario assumes that by 2025 the market recovers back to 96% of the Pre COVID-19 019 despatches, at 16,668 units, with growth of 5% in the out-years

Scenarios		Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
1. Normalised market	Expected market pre Covid-19	17,298	16,742	16,742	16,742	16,742	16,742	16,742
2. GFC History Repeats	Covid-19 Crisis has similar early impact to GFC	17,298	8,602	12,743	14,117	14,258	14,400	14,544
3. Low Recovery	Low Recovery from staycation/confidence	17,298	8,694	12,870	14,258	14,400	14,544	14,690
4. Moderate Recovery	Progressive recovery from Staycation	17,298	10,034	13,128	14,543	14,834	15,279	15,890
5. Stronger Recovery	Stronger recovery from Staycation / Confidence	17,298	10,914	13,522	14,979	15,429	16,046	16,688

