

Briefing points on the detailed Covid-19 forecast model for Motorhomes (“MH”)

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 recover to a reasonable position i.e. In the 2007 “stable” year before the crisis the market was 6,300 units, falling to 3,877 by 2009, and recovering to 5,254 units in 2010.
- 4 Subsequently the market grew strongly in the 2015-2019 period, and in more linear fashion from 2016, progressively to 7,850 units, as confidence returned and the economic background recovered (housing, jobs, pensions, savings, investment, economic confidence, pre-Brexit stability).
- 5 It levelled off in 2019, due to a mixture of Brexit concerns and the introduction of a significant vehicle VED duty levied on new motorhomes.
- 6 The new levy was challenged and reversed, and we return to a post-Brexit confident era, motorhome sales should return to strong growth.
- 7 After a period of reduction through the GFC, the market recovered strongly, albeit after 6 years.
- 8 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.

| Summary UK Market Despatches Motorhomes | | All Years are Calendar | | | | | | | | | | | | |
|---|---|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Case | Description | Dec-07 | Dec-08 | Dec-09 | Dec-10 | Dec-11 | Dec-12 | Dec-13 | Dec-14 | Dec-15 | Dec-16 | Dec-17 | Dec-18 | Dec-19 |
| Base Comparator | Global Financial Crisis (“GFC”) from 2008 | 6,302 | 5,364 | 3,877 | 5,254 | 4,431 | 5,047 | 4,587 | 5,082 | 6,381 | 6,571 | 7,897 | 7,923 | 7,850 |

| Year | Despatches |
|--------|------------|
| Dec-07 | 6,302 |
| Dec-08 | 5,364 |
| Dec-09 | 3,877 |
| Dec-10 | 5,254 |
| Dec-11 | 4,431 |
| Dec-12 | 5,047 |
| Dec-13 | 4,587 |
| Dec-14 | 5,082 |
| Dec-15 | 6,381 |
| Dec-16 | 6,571 |
| Dec-17 | 7,897 |
| Dec-18 | 7,923 |
| Dec-19 | 7,850 |

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.
- 9 The *Moderate Recovery* scenario assumes that by 2025 the market recovers back to 99% of the immediate Pre COVID-19 market of 2019.
- 10 The *Strong Recovery* scenario assumes that by 2025 the market recovers back to the originally expected growth pattern to 8,892 units, or 113% of the Pre COVID-19 2019 despatches

| Scenarios | | Dec-19 | Dec-20 | Dec-21 | Dec-22 | Dec-23 | Dec-24 | Dec-25 |
|------------------------|---|--------|--------|--------|--------|--------|--------|--------|
| 1. Normalised market | Expected market pre Covid-19 | 7,850 | 8,007 | 8,167 | 8,330 | 8,497 | 8,752 | 9,015 |
| 2. GFC History Repeats | Covid-19 Crisis has similar early impact to GFC | 7,850 | 3,430 | 4,853 | 6,165 | 6,350 | 6,541 | 6,737 |
| 3. Low Recovery | Low Recovery from staycation/confidence | 7,850 | 3,503 | 4,950 | 6,289 | 6,477 | 6,736 | 7,006 |
| 4. Moderate Recovery | Progressive recovery from Staycation | 7,850 | 3,879 | 5,148 | 6,540 | 6,802 | 7,278 | 7,787 |
| 5. Stronger Recovery | Stronger recovery from Staycation / Confidence | 7,850 | 4,436 | 5,405 | 6,933 | 7,349 | 8,083 | 8,892 |

