

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

