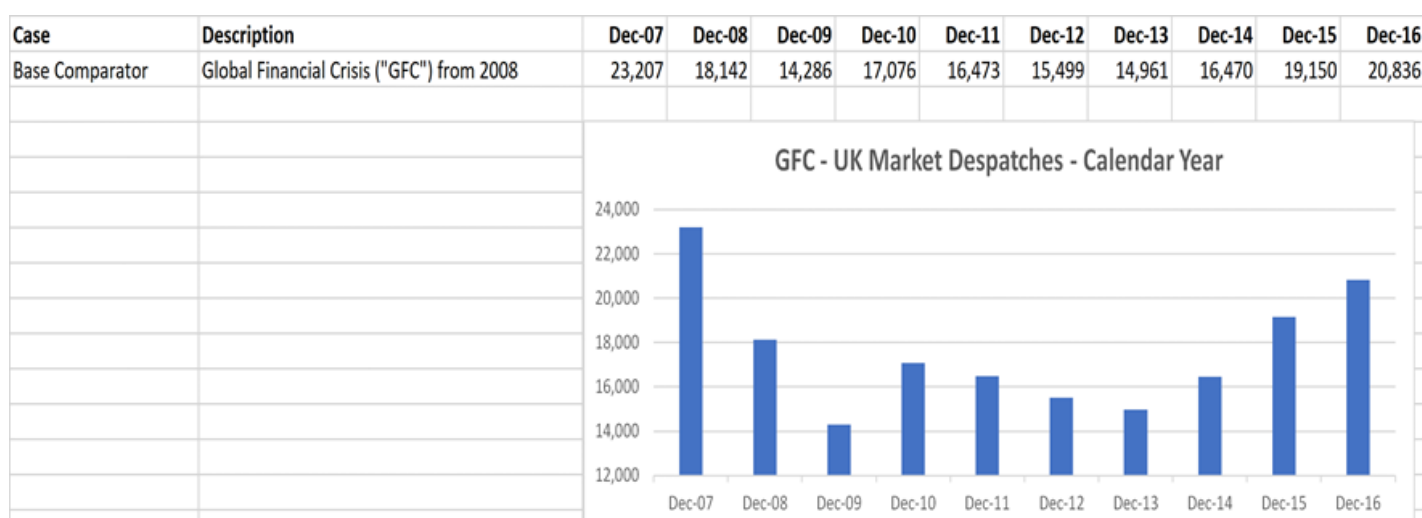# Briefing points on the detailed Covid-19 forecast model for Holiday Caravans (including Lodges) ("HC")

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 UK Market all products only, and ignores the export despatches, (roughly 1,000-1,200 per year). The core assumptions in this model can then focus on a UK parks/UK manufacturers scenario i.e. a wholly British story.

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 23,200 units, falling to 14,300 by 2009, and recovering to c. 17,100 units in 2010.

4. Subsequent to that, there were further market shocks affecting 2012 – 2013 (The Eurozone Crisis, US Budget Crisis, second dip) where the market regressed back to c. 15,000 units.

5. Then in 2016, 2017 and 2018 the market recovered in more linear fashion, progressively to c. 21,000 units, as confidence returned and the economic background recovered (housing, jobs, pensions, savings, investment, economic confidence, pre-Brexit stability).

6. In the immediate aftermath of the GFC, 3 HC manufacturers either went into insolvency or closed and 1 other was in a bank intensive care unit for some time. The workforce of 3,200 employees fell to 1,500. It took **10 years** for the workforce to return to near those pre-crisis levels - and then only to 2,600.

7. Similar insolvencies were evident in the park home market

8. The market has never recovered to pre GFC levels

9. 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 until a 1/9/20 factory restart (based on parks opening latest on 1/7/20) which allows for an 8-week lead time in the supply chain (material, appliances and components.

Case	Description	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16
Base Comparator	Global Financial Crisis ("GFC") from 2008	23,207	18,142	14,286	17,076	16,473	15,499	14,961	16,470	19,150	20,836

GFC - UK Market Despatches - Calendar Year

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 based broadly on the global Crisis assumptions but with some recovery in the out-years of the plan and a late restart of 1/9/20

S4 A *Moderate Recovery Case* based on a progressive recovery from staycation and confidence improvement with a quicker restart of 1/8/20

S5 A *Stronger Recovery Case* based on a more robust recovery from staycation and confidence and a restart on 1/7/20

10 The *Moderate Recovery* scenario assumes that by 2025 the market recovers back to 96% of the immediate Pre-Covid 19 market of 2019, with units of 19,240.

11 The *Strong Recovery* scenario assumes that by 2025 the market recovers back to the immediate Pre-Covid 19 market of 2019 with units of 21,707, returning it back to above the normalized growth position experienced pre Covid-19.

Scenarios		Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
1. Normalised market	Expected market pre Covid-19	20,031	20,231	20,434	20,638	20,844	21,053	21,263
2. GFC History Repeats	Covid-19 Crisis has similar early impact to GFC	20,031	8,752	13,450	14,439	15,016	15,947	16,904
3. Low Recovery	Low Recovery from staycation/confidence	20,031	8,930	13,718	14,728	15,464	16,392	17,375
4. Moderate Recovery	Progressive recovery from Staycation	20,031	10,047	14,404	15,344	16,495	17,815	19,240
5. Stronger Recovery	Stronger recovery from Staycation / Confidence	20,031	11,161	15,269	16,265	17,940	19,734	21,707

Covid-19 Crisis Scenarios - Holiday Homes incl Park Home Lodges