

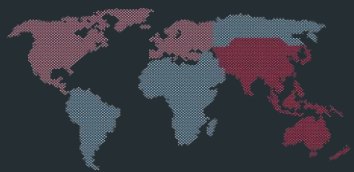


New Zealand Rental Vehicle Market Insights Report

February 2020

16th Edition

Issued 2nd March 2020



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Introduction

Herewith MarginFuel's latest edition of the "New Zealand Rental Vehicle Market Insights Report".

The report summarises the Average Market Rate# (average rate) of the New Zealand Rental Vehicle Market, with a focus on the most popular Vehicle Categories^ from New Zealand's three major airports*, being Auckland, Christchurch and Queenstown.

The report is split into three sections:

- **Section 1 Current month analysis;** overall the average rate was **-8%** year on year (YoY), mainly due to the seasonal timing of national & school holidays, along with Chinese New Year. The month was not materially impacted by the Coronavirus.
- **Section 2 Year to date (YTD) analysis;** average rates were **down** YoY, but if averaged across both January and February 2020, then the average rate was flat compared to prior year due to the seasonal timing noted above. Again, YTD was not materially impacted by the Coronavirus.
- **Section 3 Forward market analysis;** average rates were **weaker** during February 2020, and the near term forward market is **soft** as a result of the Coronavirus.

Please do not hesitate to get in contact to discuss the Report, or your pricing requirements.

Thanks, The MarginFuel Team

Notes:

^ Underlying car type (make & model) data was mapped to commonly used car categories, being SUV, Intermediate, Compact and Economy, using the internationally recognised SIPP code mapping table

* All three (3) airport locations include aggregated data for both domestic and international rental kiosks, however, no delineation has been made between Domestic and International rental vehicle customers

~ Average Rates referenced in the report are NZD

~ Average Rates are reported as Gross Rates and include GST and Compulsory Fees & Charges (generally; Airport Fee, Admin Fee)

~ Average Rates also include a base/basic level of Insurance

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SECTION 1

CURRENT MONTH ANALYSIS

SECTION 1 – Current Month Analysis

Year on Year (YoY[^]) Average Rate Change Movement

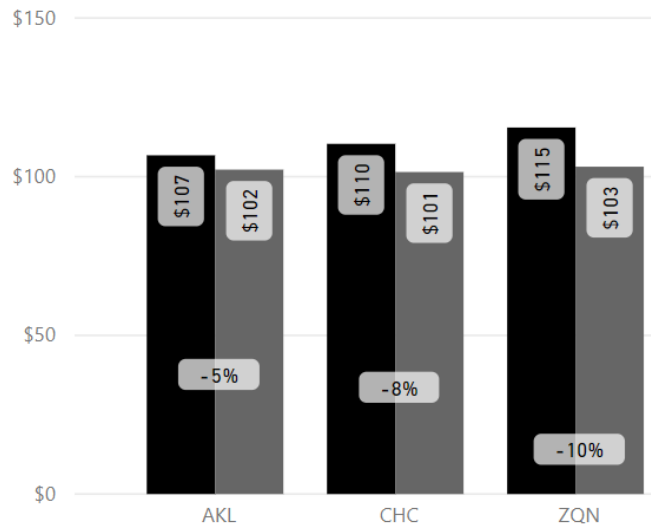


Fig.1

Year ● 2019 ● 2020 % Change

- For all three locations, across all sales channels, the average rate was lower by **-8%** YoY
- The average rate for Auckland Airport (AKL) **-5%** lower versus prior year
- Christchurch Airport (CHC) average rate was **-8%** YoY
- Queenstown Airport (ZQN) average rate was **-10%** YoY

SECTION 1 – Current Month Analysis

Channel, Duration and Vehicle Category

Refer to sales channels (Fig.2), duration (Fig.3) and vehicle category (Fig.4) graphs for the average rates during the month. As it is still peak season, the average rate for all durations and vehicle categories remains high as is the seasonal norm during the peak season.

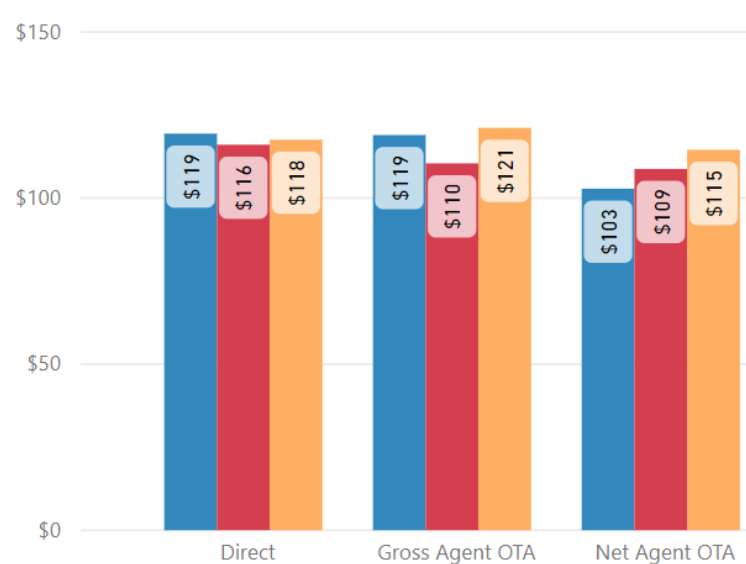


Fig.2

Location ● AKL ● CHC ● ZQN

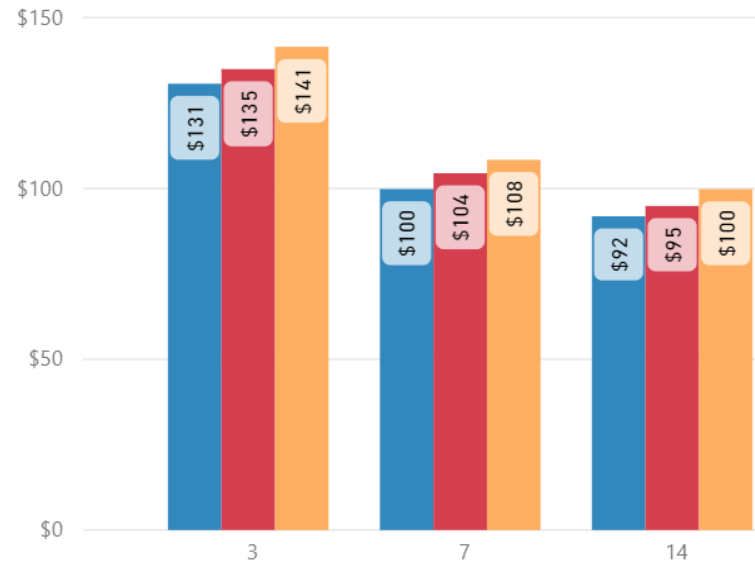


Fig.3

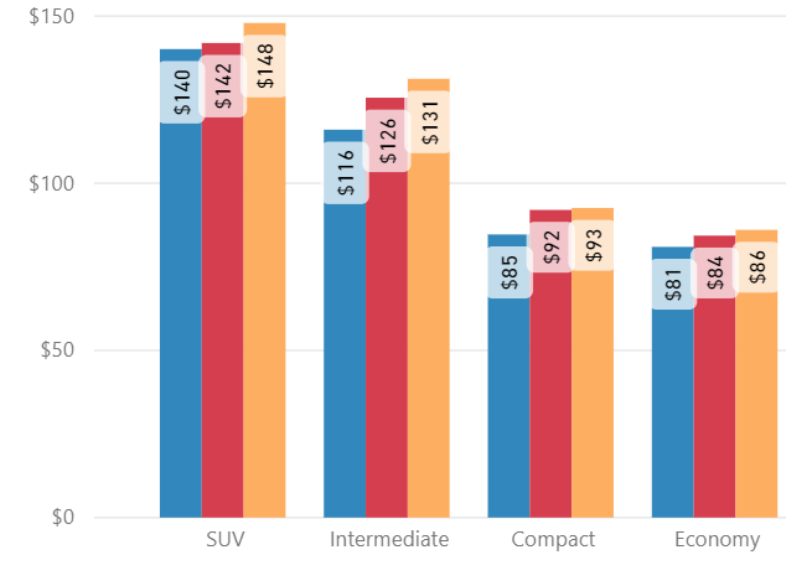


Fig.4

SECTION 1 – Current Month Analysis

Auckland Airport YoY Summary

Overall Auckland Airport had a YoY average rate decrease of **-5%**.

The Direct sales channel average rate was **-13%** lower, the Gross Agent OTA decreased **-22%**, while the Net Agent OTA sales channels showed an increase **+7%** (Fig. 5).

The average rate for 3-day duration decreased **-9%**, while the average rate for 7-day duration was **-1%**, and 14-day duration **-4%** (Fig. 6).

The average rate for the larger vehicle classes, SUV and Intermediate were lower by **-8%** and **-9%** respectively, while the smaller Compact and Economy vehicles were up between **+4%** and **+2%** (Fig. 7).

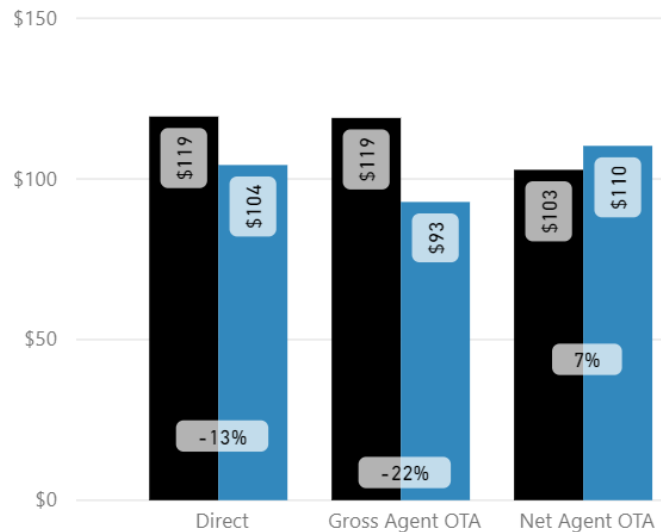


Fig.5
Year ● 2019 ● 2020 — % Change

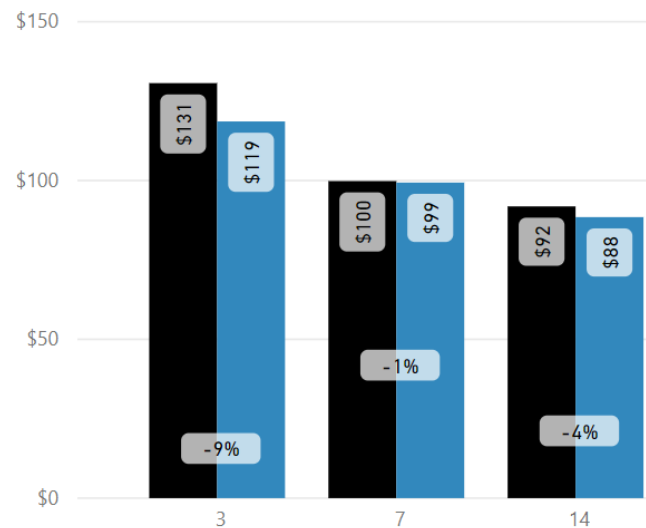


Fig.6

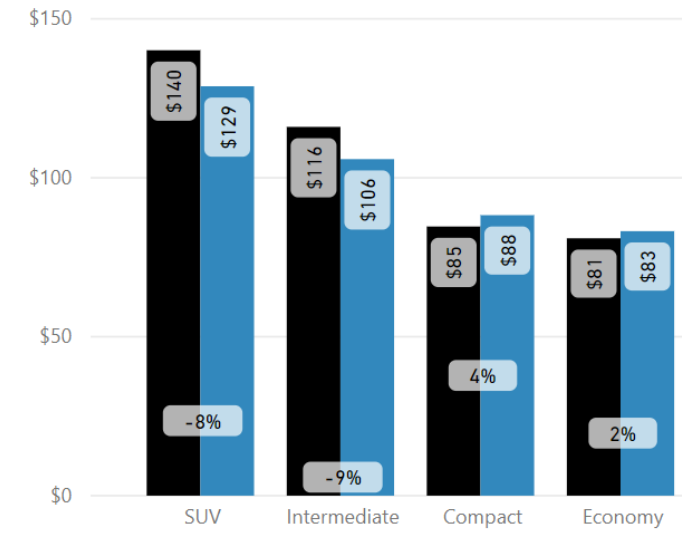


Fig.7

SECTION 1 – Current Month Analysis

Christchurch Airport YoY Summary

Overall Christchurch Airport had a YoY average rate decrease of **-8%**.

The Direct sales channel average rate was **-10%** lower, the Gross Agent OTA decreased **-17%**, while the Net Agent OTA sales channels showed a decrease of **-1%** (Fig. 8).

The average rate for 3-day duration decreased **-11%**, while the average rate for 7-day duration was **-8%**, and 14-day duration **-6%** (Fig. 9).

The average rate for the larger vehicle classes, SUV and Intermediate were lower by **-12%** and **-15%** respectively, while the smaller Compact and Economy vehicles were lower between **-3%** and **-2%** (Fig. 10).

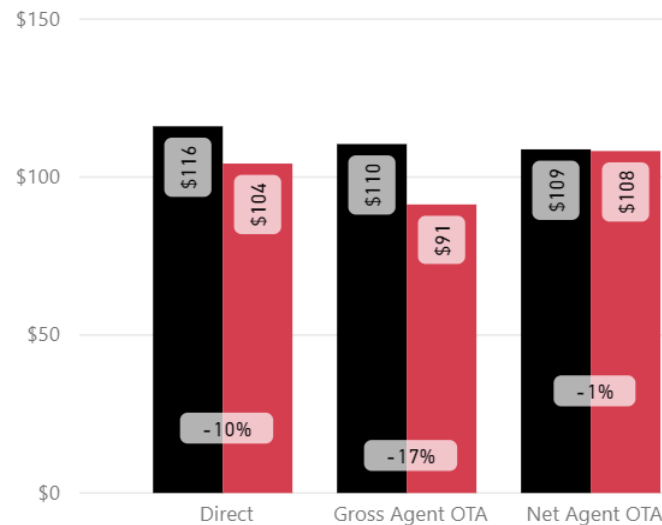


Fig.8

Year ● 2019 ● 2020 — % Change

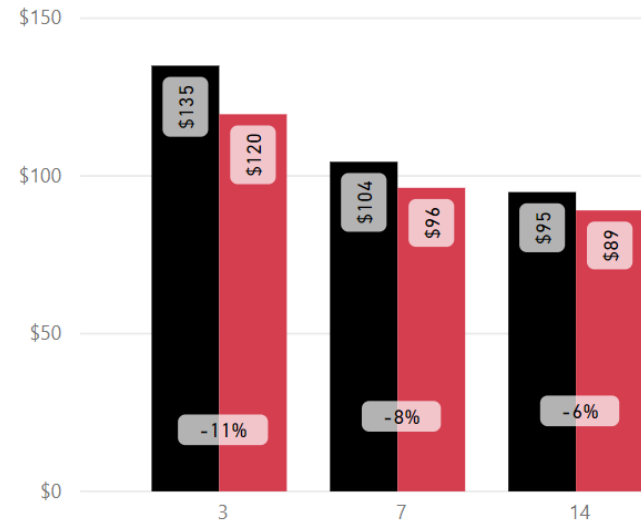


Fig.9

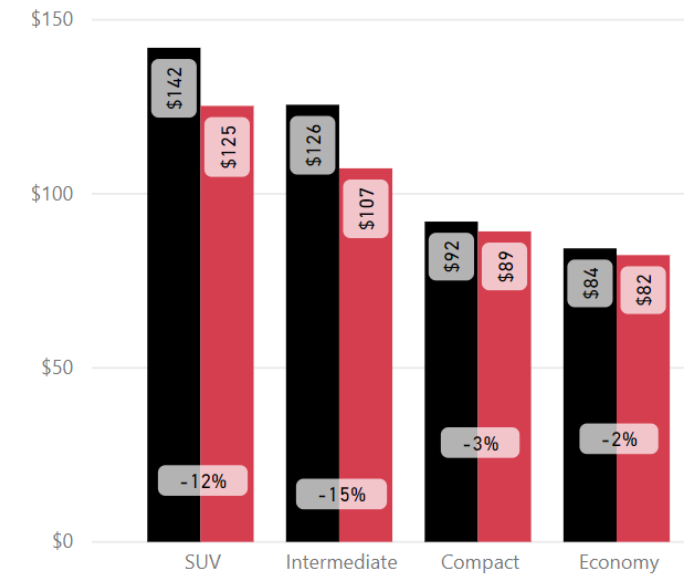


Fig.10

SECTION 1 – Current Month Analysis

Queenstown Airport YoY Summary

Overall Queenstown Airport had a YoY average rate decrease of **-10%**.

The Direct sales channel average rate was **-10%** lower, the Gross Agent OTA decreased **-23%**, while the Net Agent OTA sales channels showed a decrease of **-4%** (Fig. 11).

The average rate for 3-day duration decreased **-16%**, while the average rate for 7-day duration was **-7%**, and 14-day duration **-7%** (Fig. 12).

The average rate for the larger vehicle classes, SUV and Intermediate lower by **-14%**, while the smaller Compact and Economy vehicles were lower between **-5%** and **-3%** (Fig.13).

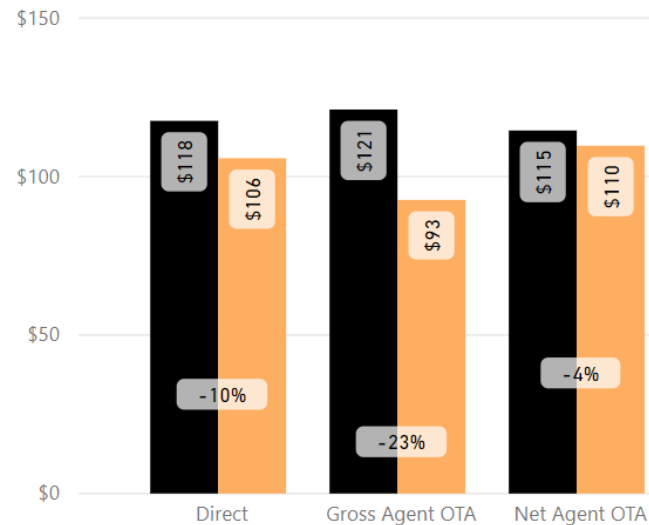


Fig.11

Year ● 2019 ● 2020 % Change

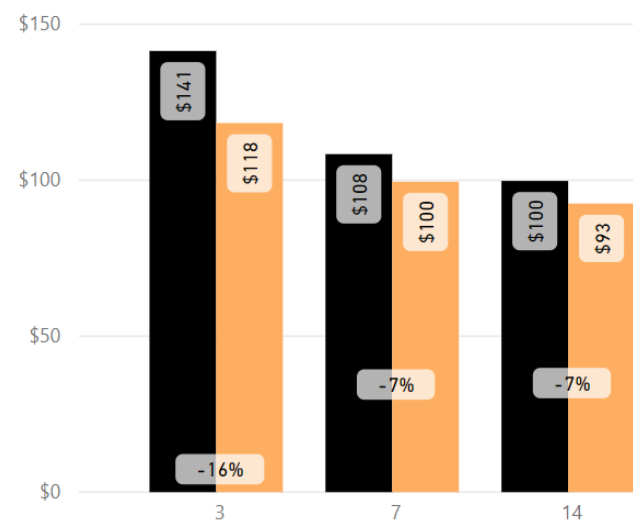


Fig.12

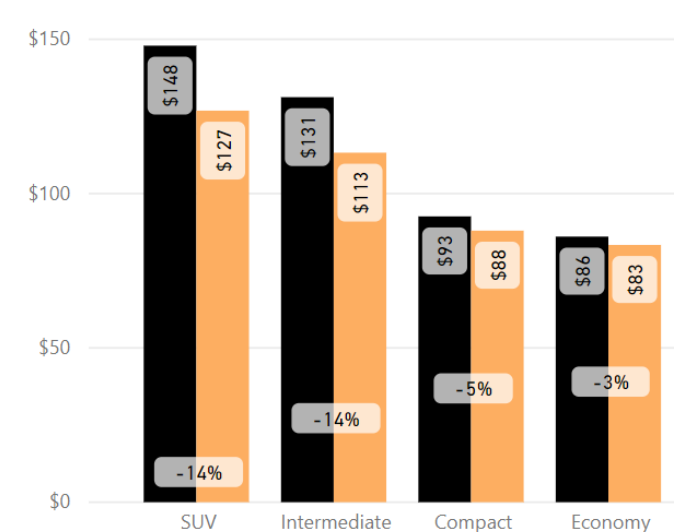


Fig.13

SECTION 2

YEAR TO DATE (YTD) ANALYSIS

SECTION 2 - Year to Date (YTD) Analysis

October 2019 to January 2020

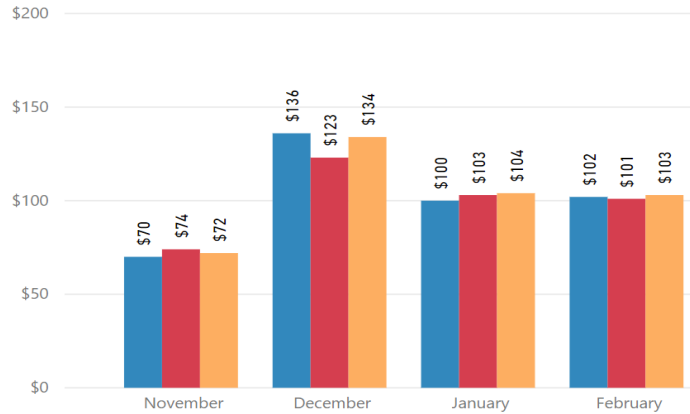


Fig.14
Location ● AKL ● CHC ● ZQN

- Average rates levelled off in February 2020 as the market tightened post Christmas (Fig.14), but if averaged across both January and February 2020, then average rates were flat compared to prior year, with this trend being consistent across all locations (Fig.15 to Fig.17).

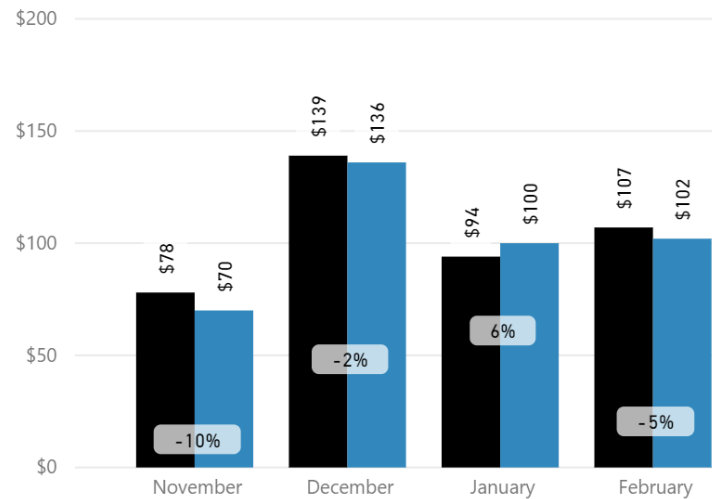


Fig.15
Year ● 2019 ● 2020

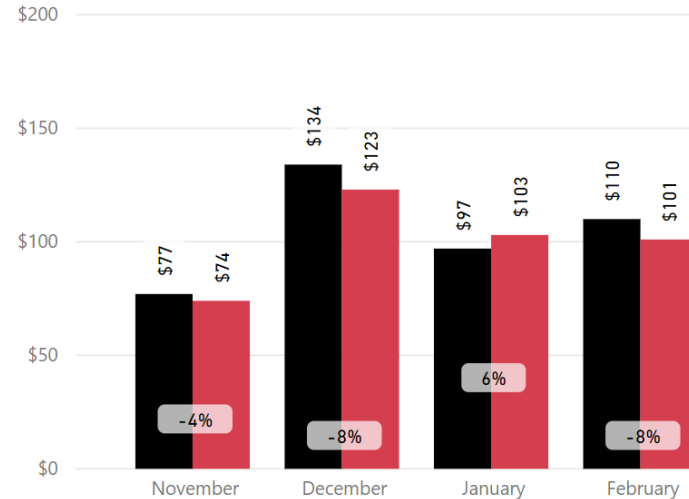


Fig.16
Year ● 2019 ● 2020

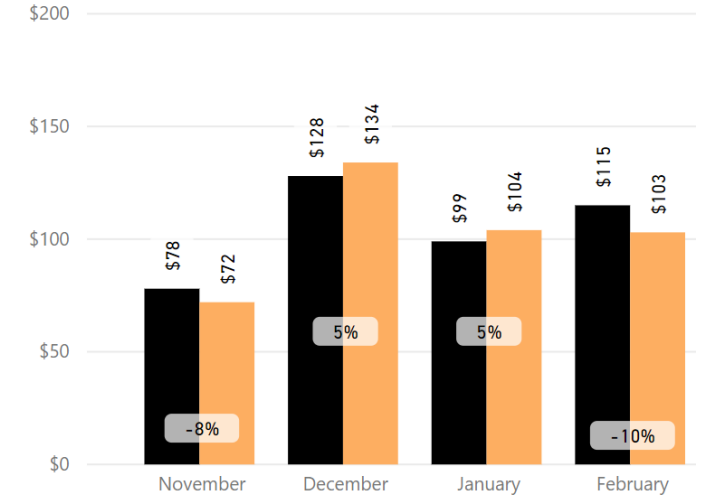


Fig.17
Year ● 2019 ● 2020

SECTION 3

FORWARD MARKET ANALYSIS

SECTION 3 – Forward Market Analysis

February to August 2020

As noted in the previous report, the strong January 2020 month (largely due to the seasonal timing of national & school holidays, along with Chinese New Year) was followed by a softer February 2020 (Fig.18), and these trends were consistent for all regions (Fig.19 to Fig.21). At the time of writing the report impacts of the Coronavirus were starting to show, and this will be fully reflective in the March 2020 report.

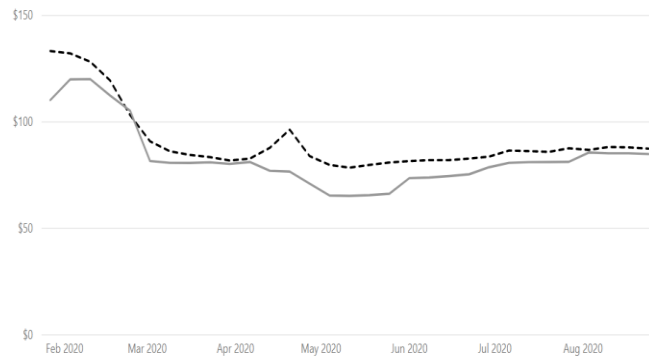


Fig.18
Year - - - 2019 — 2020

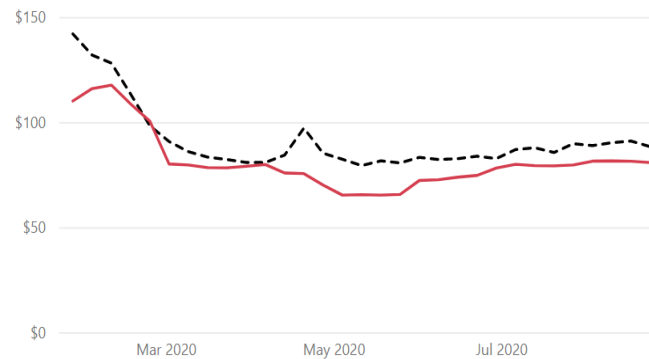


Fig.20
Year - - - 2019 — 2020

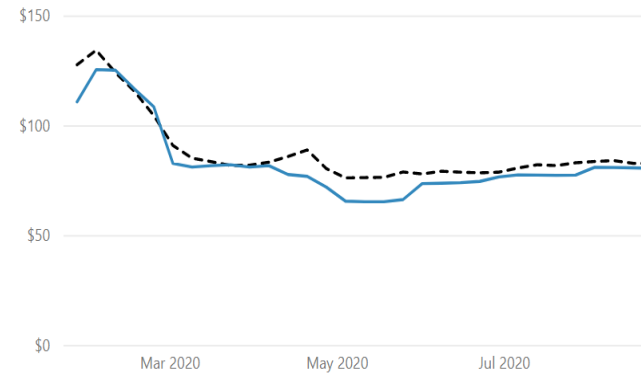


Fig.19
Year - - - 2019 — 2020

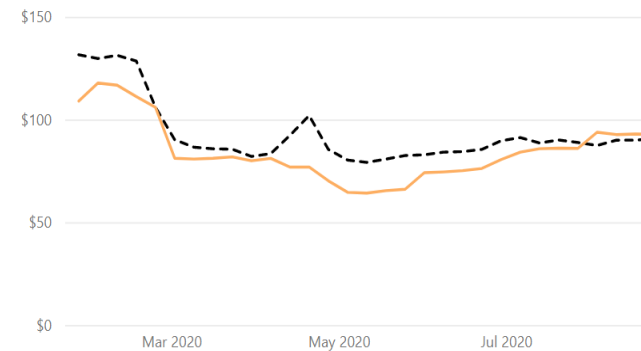


Fig.21 www.marginfuel.com
Year - - - 2019 — 2020

Market Insider Tip:

The near term forward market is softening as a result of the Coronavirus per Fig.18 to Fig.21.

However, the weaker international demand during the coming months can be managed using a number of pricing and fleet strategies, such as, domestic & Australian pricing campaigns, and tight fleet management based on forecasting.

We will be working our customers to assist them with strategies and making best use of the MarginFuel forecast over the coming months.

There is also a trend of later than normal cancellations as customers leave travel decisions to the last minute, along with a high portion of postponed travel. Again, these are modelled in the MarginFuel forecast and have a very unique trend profile.

SECTION 3 FORWARD MARKET ANALYSIS

Easter 2020 (6th April to 19th April 2020)

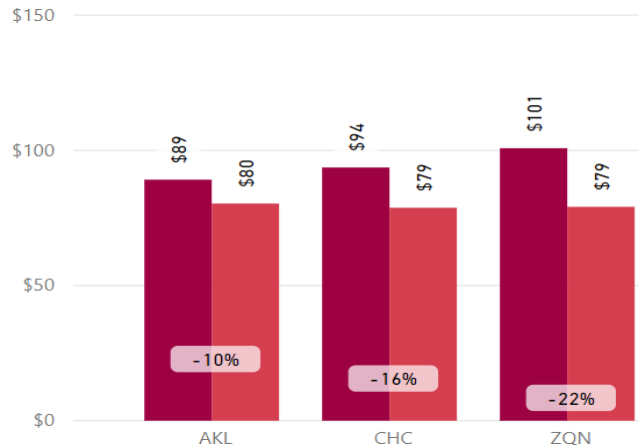


Fig.22

Market Insider Tip:

The Easter 2020 season will take proactive, controlled strategies to ensure tight pricing and fleet management, as we expect there to be a material impact as a result of the Coronavirus.

The severity of the impact for Easter 2020 will be primarily dependant on the containment of the virus in New Zealand and Australia.

Being fully aware of competitor pricing, along with utilising the MarginFuel forecast are key elements in understanding the marketplace, which will in turn remove uncertainty.

- For the Easter 2020 season, for all three locations, across all sales channels, there is currently an overall YoY Average Rate decrease of **-17%** (Fig. 22)
 - Auckland Airport is showing a YoY average rate decrease of **-10%**
 - Christchurch and Queenstown Airports are showing a YoY average rate decrease of **-16%** and **-22%** respectively
- The Average Rate across all the sales channels were lower between **-13%** and **-15%** (Fig.23)
- The shorter 3-day duration is lower YoY by **-18%**, while the longer durations are down between **-14%** and **-15%** (Fig.24)
- All vehicle categories have a lower average rate of between **-11%** to **-23%** (Fig. 25)

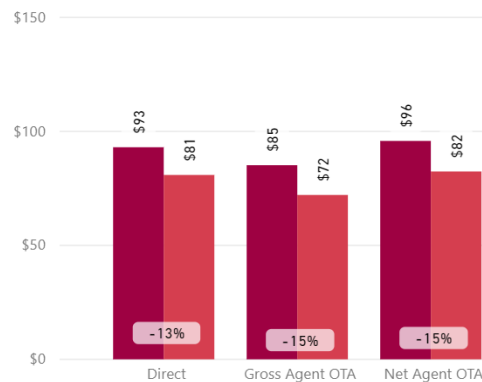


Fig.23

Year ● 2019 ● 2020 Change %

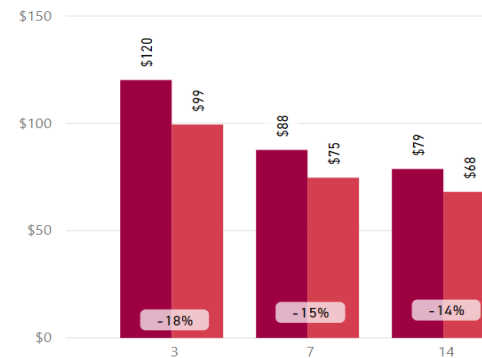


Fig.24

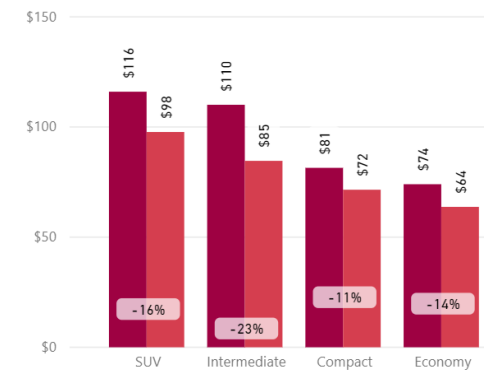


Fig.25

Methodology & Disclaimer

Methodology:

- The data was derived from circa. Twelve million datapoints, and this size dataset was deemed large enough to draw reasonable conclusions
- Inconsistent outlying datapoints were removed
- The data collected is from 13 individual rental vehicle (a mix of independent, franchise, small, medium and large operators, and thus the data includes the relative mixture of on and off airport operators)
- The data collected from the 13 rental vehicle operators has been anonymised and aggregated, then displayed to provide a general reflection of the overall market
- The pickup days included in the data are Tuesdays and Fridays

Disclaimer:

This report is intended as a guide only