

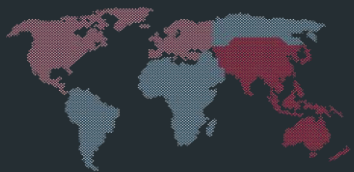


New Zealand Rental Vehicle Market Insights Report

December 2018

2nd Edition

Issued 24th January 2019



INTRODUCTION

We are pleased to present MarginFuel's 2nd edition of the "New Zealand Rental Vehicle Market Insights Report".

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

The report is split into three sections.

- **Section 1 - December 2018 Analysis**; overall the average rate **increased** Year on Year (YoY), **with Direct Sales channels showing the largest increase**.
- **Section 2 - Year to Date (YTD) Analysis from September to December 2018**; as is the typical seasonal trend, the average rate bottomed out in September 2018, and began to **climb into the high season**. Average rates in December 2018, for all three locations, were up **+11% to +22%** YoY.
- **Section 3 - Forward Market Analysis from January to April 2019**; average rates are trending upwards YoY from February to April 2019, however, there is still a **flat spot in demand** in late January 2019 (compared to late January 2018).

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

SECTION 1

DECEMBER 2018 ANALYSIS

SECTION 1 DECEMBER 2018 ANALYSIS

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

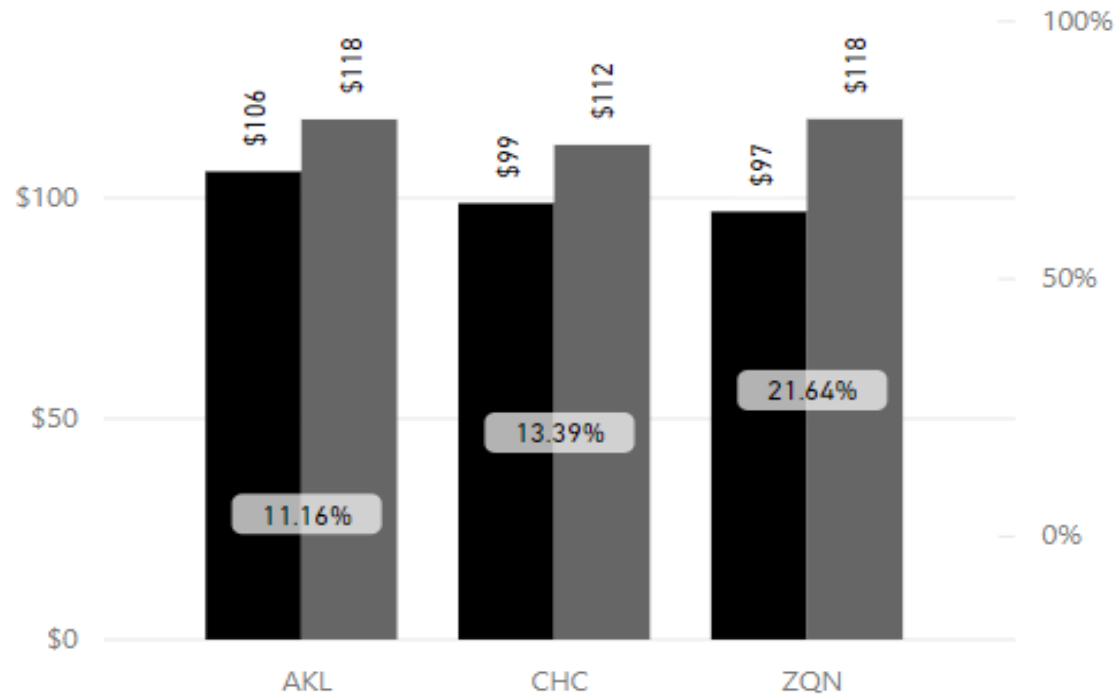


Fig.1

Year ● 2017 ● 2018

- For all three locations, across all sales channels, there was an overall YoY average rate increase of +15%
- Auckland Airport (AKL) had the lowest YoY average rate increase of +11%
- Christchurch Airport (CHC) had a YoY average rate increase of +13%
- Queenstown Airport (ZQN) had the highest YoY average rate increase of +22%

SECTION 1 DECEMBER 2018 ANALYSIS

Channel, Duration and Vehicle Category

In December 2018 there were notable differences in the average rate across each of the sales channels. For all three locations, both Rentalcars.com and Direct Sales channels had strong average rates above \$115 (Fig.2).

There were rate differences for the 3-day duration across each of the locations, with the average 3-day rate for Queenstown Airport being higher than both Auckland and Christchurch Airports (Fig.3).

Queenstown Airport had strong average rates for all vehicle categories (Fig.4).

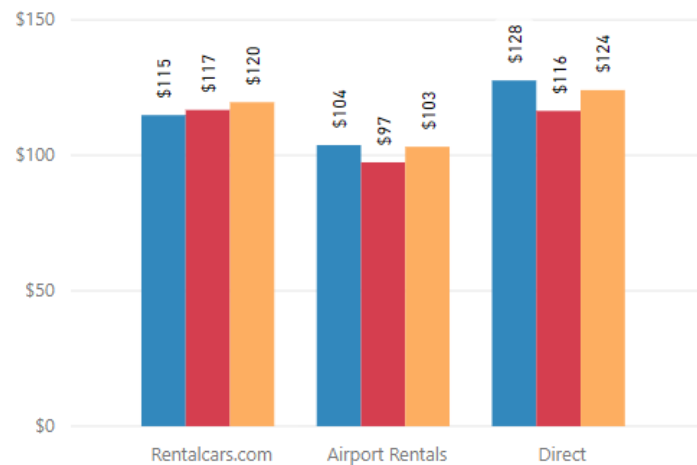


Fig.2

Location ● AKL ● CHC ● ZQN

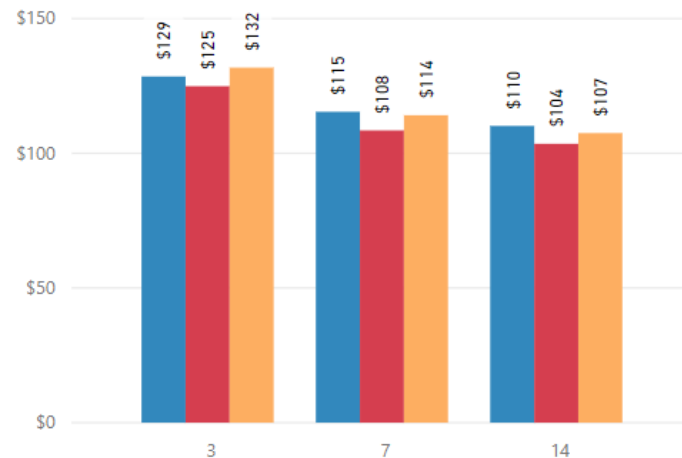


Fig.3

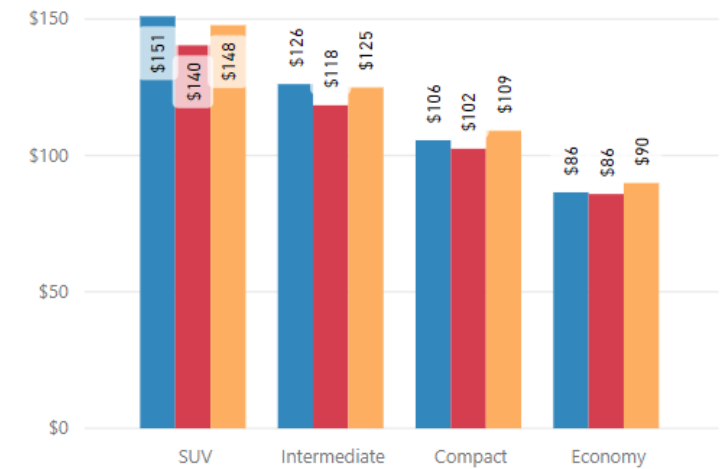


Fig.4

SECTION 1 DECEMBER 2018 ANALYSIS

Auckland Airport YoY Summary

Auckland Airport, across all sales channels, showed an overall YoY increase in the average rate of **+11%**.

Average rates on the direct sales channel showed an increase of **+29%** YoY, Rentalcars.com remained **stable**, while the average rate on the Airport Rentals channel was down **-5%** (Fig. 5).

The average rate for all durations were up between **+9%** and **+15%** (Fig. 6).

All car categories showed an increase in average rate during December 2018. The Compact category showed the largest YoY average rate increase of **+17%** (Fig. 7).

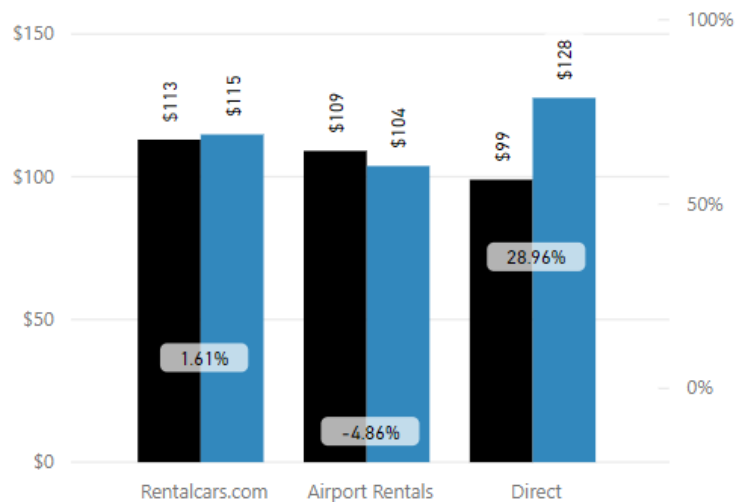


Fig.5

Year ● 2017 ● 2018 % Change

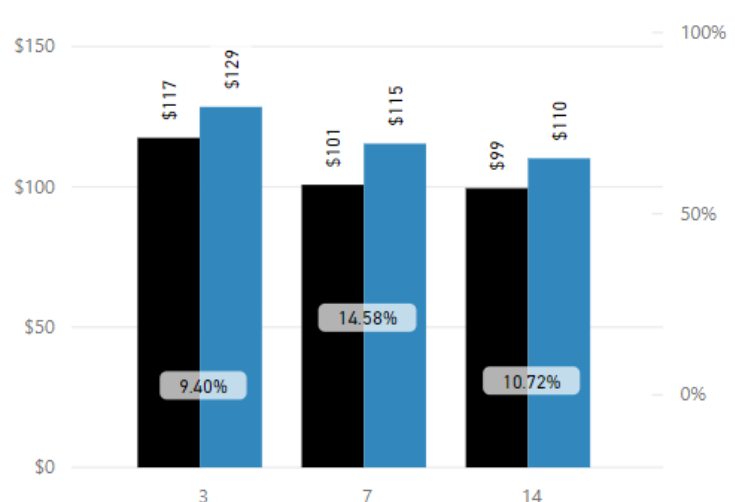


Fig.6

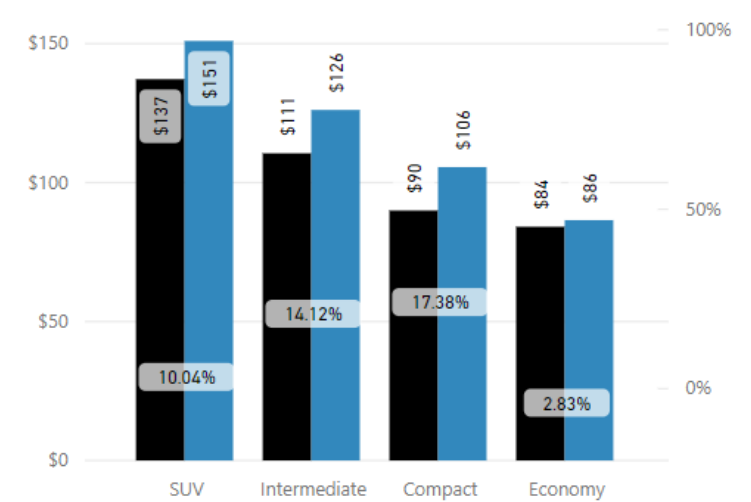


Fig.7

SECTION 1 DECEMBER 2018 ANALYSIS

Christchurch Airport YoY Summary

Christchurch Airport, across all sales channels, showed an overall YoY increase in the average rate of **+13%**.

Average rates on the direct sales channel showed an increase of **+27%** YoY, Rentalcars.com was also higher at **+6%**, while the average rate on the Airport Rentals channel remained **stable** (Fig. 8).

The average rate for all durations were up between **+13%** and **+16%** (Fig. 9).

All car categories showed an increase in average rate during December 2018. The Compact category showed the largest YoY average rate increase of **+25.11%** (Fig. 10).

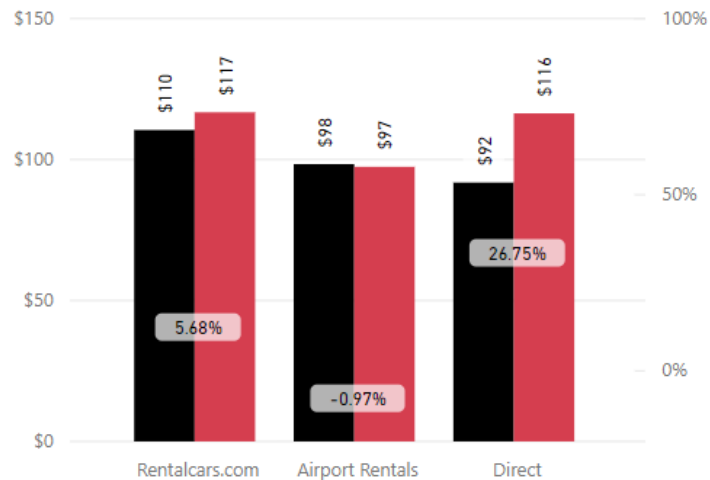


Fig.8

Year ● 2017 ● 2018 % Change

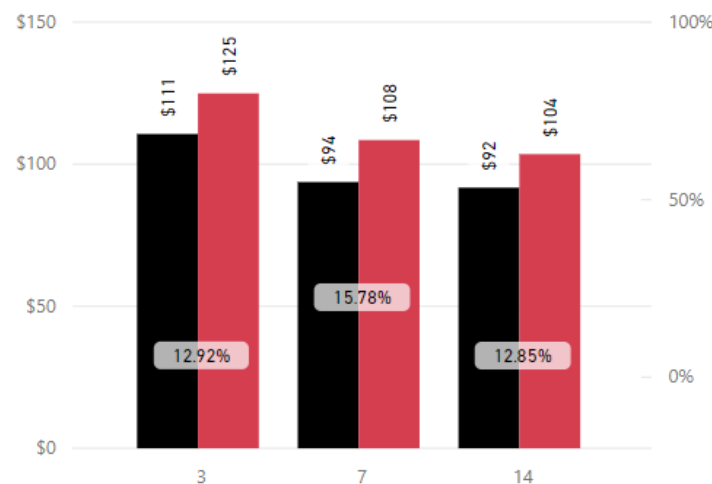


Fig.9

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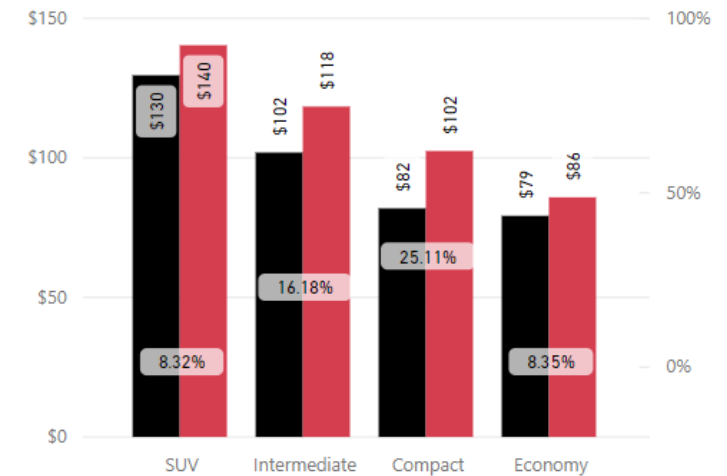


Fig.10

SECTION 1 DECEMBER 2018 ANALYSIS

Queenstown Airport YoY Summary

Queenstown Airport, across all sales channels, there was a YoY increase in the average rate of **+22%**.

Average rates on the direct sales channel showed an increase of **+42%** YoY, Airport Rentals channel was also higher at **+7%** (Fig. 11, while Rentalcars.com was higher by **+5%**).

The average rate for all durations were up between **+20%** and **+25%** (Fig. 12).

All car categories showed an increase in average rate during December 2018. The Compact category showed the largest YoY average rate increase of **+30%** (Fig. 13).

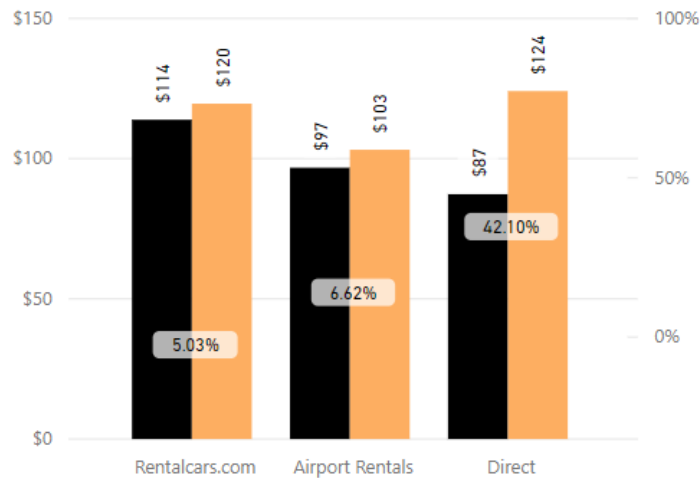


Fig.11

Year ● 2017 ● 2018 % Change

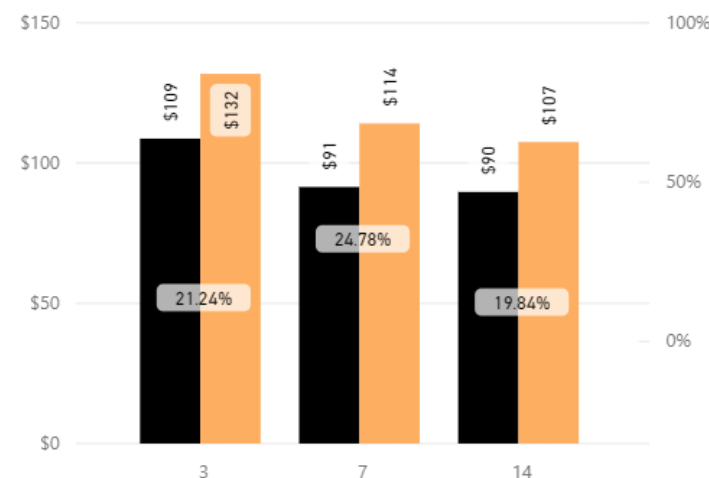


Fig.12

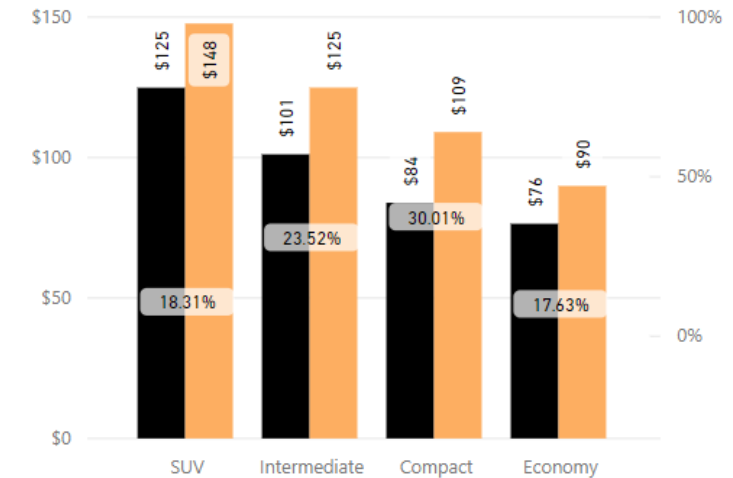


Fig.13

SECTION 2
YEAR TO DATE (YTD) ANALYSIS
SEPTEMBER TO DECEMBER 2018

SECTION 2 Year to Date (YTD) Analysis September to December 2018

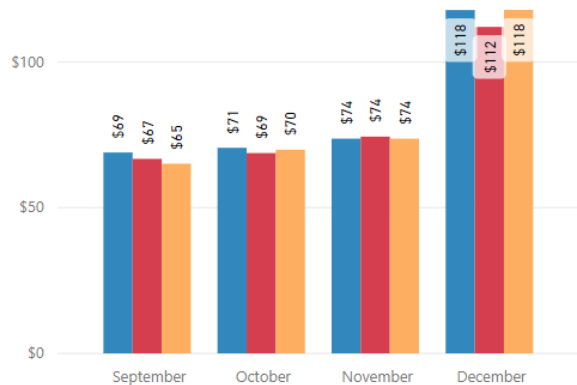


Fig.14
Location ● AKL ● CHC ● ZQN

- As is the typical seasonal trend, the average rate bottomed out in September 2018, and began to climb into the high season (Fig. 14)
- Auckland Airport average rate decreased slightly in November 2018, however, in December 2018 the average rate was **+11%** YoY (Fig. 15)
- Christchurch Airport average started to increase from November 2018, and in December 2018 the average rate was **+13%** YoY (Fig. 16)
- Queenstown Airport average rate was flat through to November 2018, and in December 2018 the average rate was **+22%** YoY (Fig. 17)

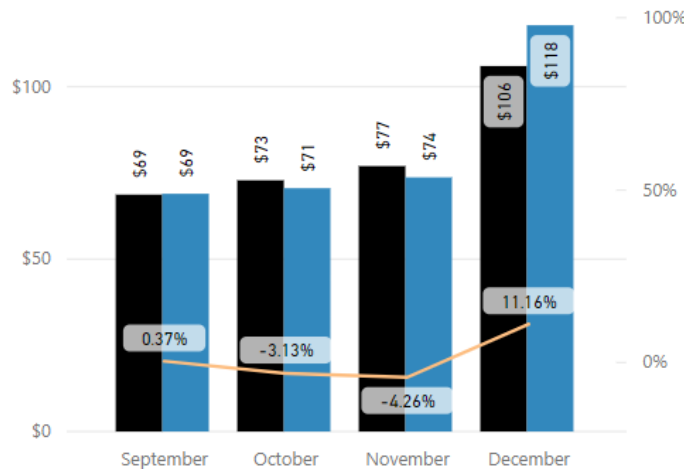


Fig.15
Year ● 2017 ● 2018

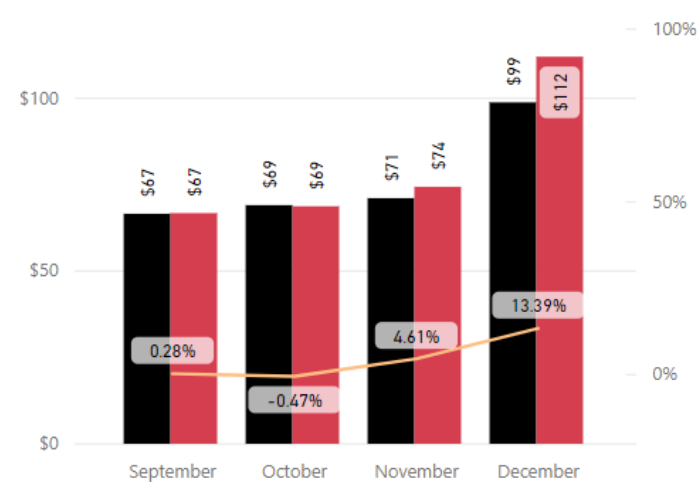


Fig.16
Year ● 2017 ● 2018

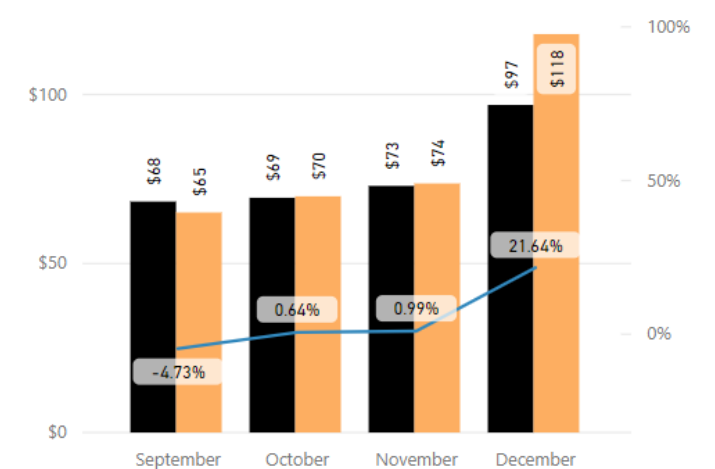


Fig.17
Year ● 2017 ● 2018

SECTION 3
FORWARD MARKET ANALYSIS
January to April 2019

SECTION 3 FORWARD MARKET ANALYSIS

January to April 2019

There is still a **flat spot** in demand in late January 2019 (compared to late January 2018), aside from this, for all three locations, across all sales channels, there is currently an overall YoY increase in the average rate for February, March and April 2019.

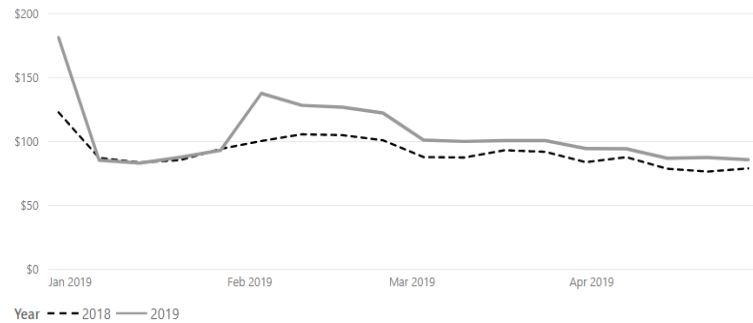


Fig.18

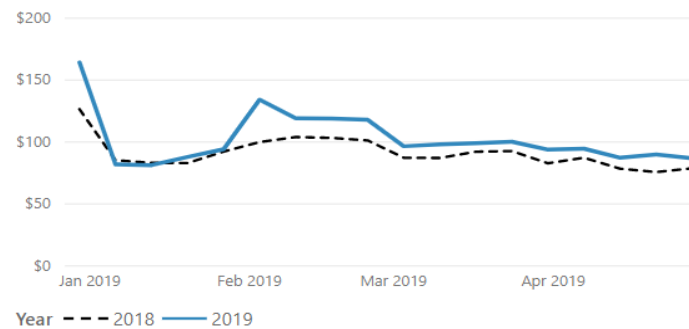


Fig.19

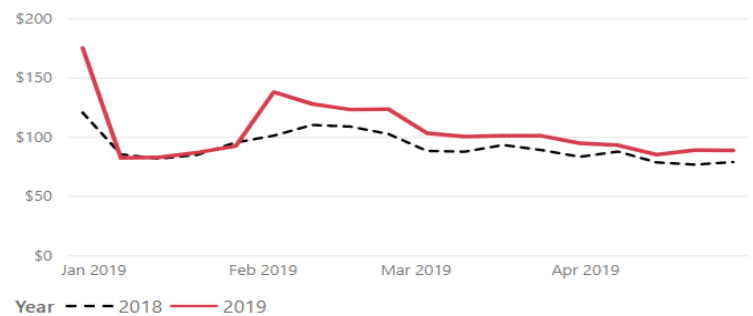


Fig.20

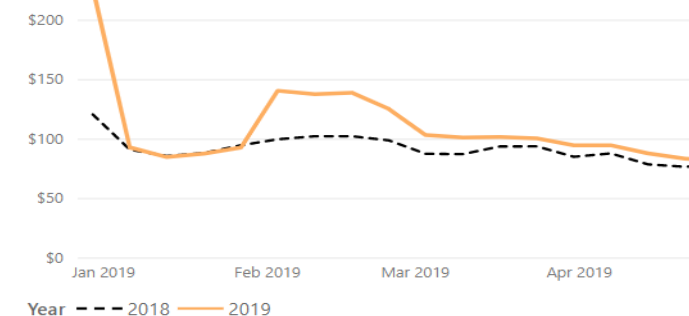


Fig.21

Market Insider Tip:

All three locations are potentially impacted from the flat spot in demand in late January 2019 (Fig 19, Fig 20, Fig 21).

Think about early de-fleeting. Make sure your fleet is on point, that you have the right fleet mix and enough vehicles to supply demand over Chinese New Year and try and de-fleet any excess vehicles.

As Easter is in late April this year, the activity will go down early, try and plan your de-fleeting accordingly so you have an optimized fleet and the ability to yield.

SECTION 3 FORWARD MARKET ANALYSIS

Late January 2019

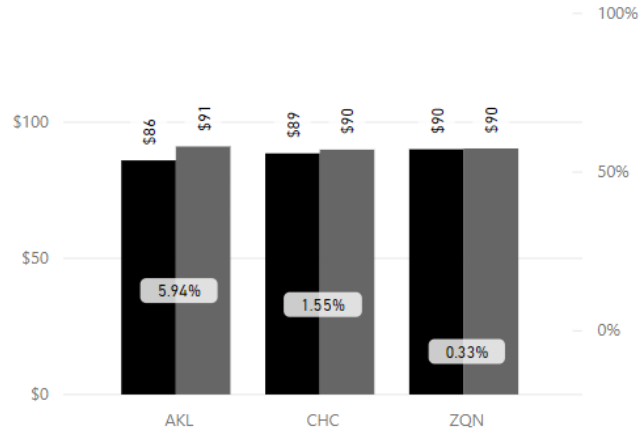


Fig.22

Year ● 2018 ● 2019 Change %

- Rentalcars.com shows an increase in average rate increase of +7%, with the direct sales and Airport Rentals channels remaining stable YoY (Fig. 23)
- The shorter 3-day duration shows an increase in average rate of +20%, while the longer 7-day and 14-day durations show a decrease of -10% and -7% respectively (Fig. 24)
- Overall, all the average rate for all vehicle categories are stable (Fig. 25)

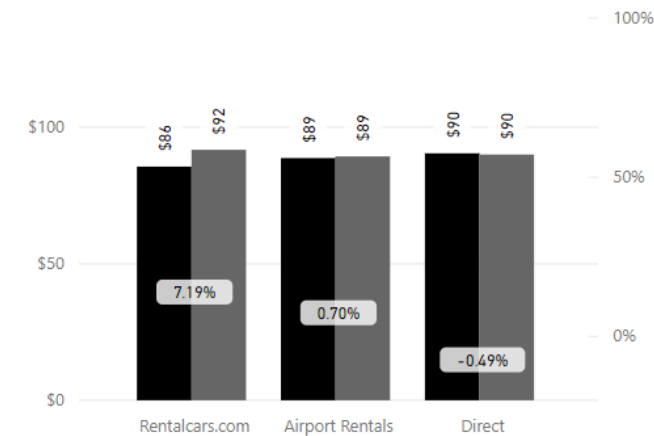


Fig.23

Year ● 2018 ● 2019 Change %

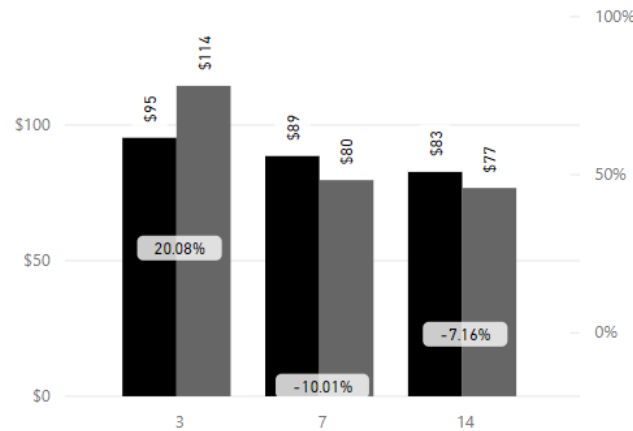


Fig.24

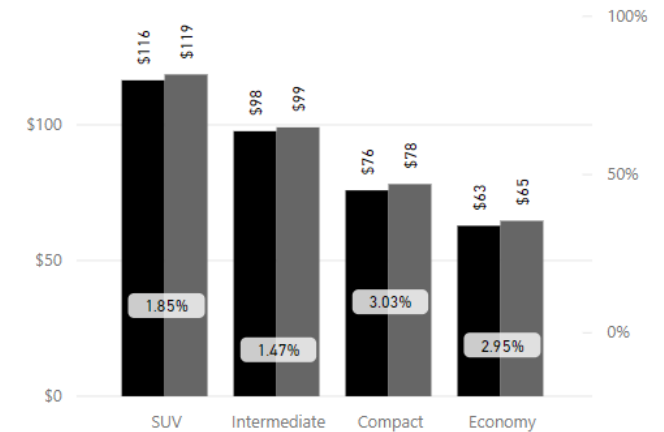


Fig.25

SECTION 3 FORWARD MARKET ANALYSIS

Chinese New Year 2019 (2nd to 17th February 2019)

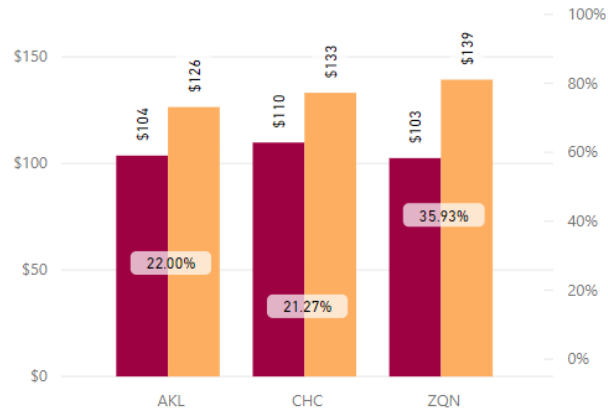


Fig.26

Market Insider Tip:

Chinese New Year will once again have a more pronounced effect in Christchurch, although it seems like Queenstown and Auckland are building along nicely.

Make sure your fleet mix is correct: traditionally SUV's and 4x4's are very popular in Christchurch.

Make sure your rates are right and you've got enough stock to supply demand.

- For Chinese New Year 2019, for all three locations, across all sales channels, there is currently an overall YoY average rate increase of **+26%** (Fig. 26)
 - Queenstown Airport is showing a YoY average rate increase of **+36%**
 - Auckland and Christchurch Airports are showing a YoY average rate increases of **+22%** and **+21%** respectively
- The average rate across all sales channels is strong; of particular note is the **+37%** increase on the Airport Rentals sales channel (Fig.27)
- The shorter 3-day duration has a strong average rate of **+39%**, aligning with the short term nature of this holiday period
- The larger vehicle categories have higher average rates of between **+22%** to **+34%** (Fig. 29)

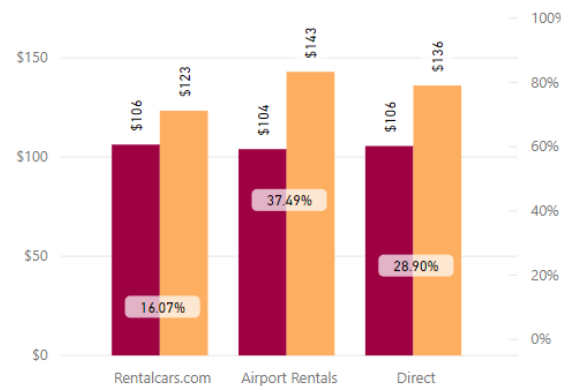


Fig.27

Year ● 2018 ● 2019 Change %

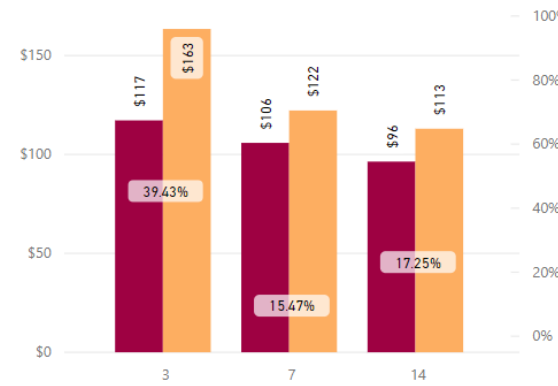


Fig.28

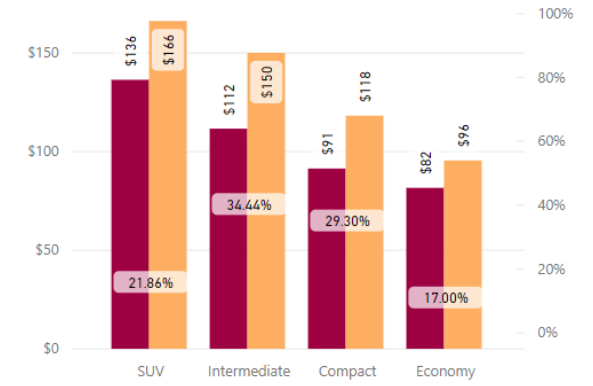


Fig.29

^ Compared to corresponding period from 10th to 25th February 2018

METHODOLOGY & DISCLAIMER

Methodology:

- The data was derived from circa. 3 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 operators (a mix of independent, franchise, small, medium and large 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 Mondays and Thursdays

Disclaimer:

- This report is intended as a guide only