

Detailed Survey Results

Estimated Insulation Market Size (1,000s)	1997	1998	1999
Insulation Product Manufacturers	\$937,357	\$966,077	\$1,004,616
Insulation Accessory Manufacturers	<u>\$337,787</u>	<u>\$368,126</u>	<u>\$395,434</u>
Total Product and Accessory Manufacturers Sales	\$1,275,144	\$1,334,203	\$1,400,050

Market Sales Growth (1997-1998)	
Insulation Product Manufacturers	4.6%
Insulation Accessory Manufacturers	4.5%
Total Product and Accessory Manufacturers	4.6%

Market Sales Growth (1998-1999)	
Insulation Product Manufacturers	4.0%
Insulation Accessory Manufacturers	7.8%
Total Product and Accessory Manufacturers	4.7%

Demographics

All Responding Manufacturers	36	31	31
Insulation Product Manufacturers	22	19	19
Insulation Accessory Manufacturers	14	12	12

Total Insulation Market Size Estimate

The 2000 NIA Industry Measurement Survey was based on insulation and accessory manufacturers sales only. Following is an estimate of the total insulation market size, accounting for distributor and contractor market share margins on material sales as well as the labor portion of the insulation market. The methodology used to calculate this estimate is considered valid by Industry Insights, Inc. However, much of the data involved is based on estimates from informal surveys not associated with the NIA Industry Measurement Survey or Industry Insights.

	1997	1998	1999
Estimated Total Insulation United States Market (000s)			
■ Estimated Total Manufacturer Sales: (based upon 1999 and 2000 NIA Industry Measurement Survey)	\$1,275,144**	\$1,334,203**	\$1,400,050
■ Estimated percentage of manufacturer sales to: (based upon an informal survey)			
Distributors	82%	\$1,045,618	\$1,094,046
Contractors	18%	<u>229,526</u>	<u>240,157</u>
	<u>100%</u>	<u>\$1,275,144</u>	<u>\$1,334,203</u>
■ Estimated ratio of material to labor on "Average" insulation contract (based upon an informal survey) 70% labor--30% material			
■ Estimated average "Margin" on material sales by distributors and usage by contractors			
Distributors	24% Average		
Contractors	14% Average		
■ Estimated mechanical insulation market calculation:			
1. Material portion			
a. Manufacturer sales to distribution and distribution to contractors: \$1,148,041 ÷ .76 ÷ .86	\$1,599,783	\$1,673,877	\$1,756,489
b. Manufacturers sales to contractors \$252,009 ÷ .86	<u>\$266,891</u>	<u>\$279,252</u>	<u>\$293,034</u>
	\$1,866,674	\$1,953,129	\$2,049,523
2. Labor portion based upon above material labor ratio	<u>\$3,355,573</u>	<u>\$4,557,301</u>	<u>\$4,782,220</u>
Estimated total market*	<u>\$6,222,247</u> (\$6.2 Billion)	<u>\$6,510,430</u> (\$6.5 Billion)	<u>\$6,831,743</u> (\$6.8 Billion)
Estimated percent growth		4.6%	4.9%

* Excludes insulation fabrication labor, major project scaffolding requirements and similar type project requirements. Variations in the data from informal surveys (especially the labor vs. material ratio) could affect the total insulation market estimate dramatically. For example, using a labor vs. material ratio of 65/35 (as opposed to 70/30) will decrease the total market estimate by 14%. On the other hand, using a 75/25 ratio would increase the total market estimate by 20%.

**The estimated total market has been adjusted for the 1997-1998 period due to a sizeable reporting error by one of the participants.