

TITLE				
Raised by:		JR	Date:	07-Jun-13
PRODUCT DEFINITION				
Objective: To develop & launch AE5000 suitable for rainscreen cladding applications, fire tested in accordance with BS 8414 for use above 18m.				
MARKET INFORMATION				
Market Background and Current Position: Celotex launched its FR4000 board in April 2008. Class O fire and improved lambda were the main product USPs. In June 2011, Celotex improved thermal performance to 0.021 including Class O. A+ Green Guide and super low emissivity performance to provide a 'best in class' product solution. One of the main product gaps against phenolic is for use in buildings above 18m in height.				
Market opportunity (volume & value): Comet data for the UK suggests that the ventilated façade market for insulation products is at £13M for 2013. Projected to grow to a market value of £17M in 2017. 2013 market equates to an opportunity of 1,300,000 m2. Market intelligence would suggest that insulation type is split 65:35 in favor of mineral wool products over rigid board solutions. Phenolic products primarily K15 make up 450,000 m2 of overall annual opportunity. This equates to a market value for rigid board insulation into ventilated façade applications of £5.5M.				
Routes To Market: Push/Pull strategy applies. Primary market of specifiers, architects and rainscreen specific contractors. Secondary market of specialist distributors.				
COMPETITIVE POSITION				
Competitor	Product	Market Share	NIV @ 25mm	NSP @ 25mm
Kingspan	K15 (80mm)	35%	£4.24	£3.82
Xtratherm	Safe-R RS (80mm)	0%		£4.09
Celotex	AE5000 (80mm FR + 10%)	0%	£4.37	£3.34
Rockwool	Rainscreen Duo Slab Or Similar (150mm)	65%	£2.80	£2.52
PRODUCT				
Product Design: As per Celotex FR5000, a lambda value of 0.021 W/mK, Class O fire performance, IQ emissivity and an A+ BRE Green Guide rating. A+ likely to be removed following new criteria from BRE. New product coding will need to be introduced and possible differentiation will be required such as edge printing.				

Testing / Approvals: Above 18m approval in accordance with both BS 8414-1 & BS 8414-2. BBA approval in Year 2 or 3 if Kingspan's attack starts to affect level of business.	
Installation Requirements: No change from existing FR5000 rainscreen cladding application details. Report showing permutations of fire test will be available.	
Range Details (Dimensions, Thickness SKU's, Stockholding): New stock holes for AE5000. Thickness range from 50mm – 150mm. Select thicknesses dependent on U-value requirements and duplication of FR products.	
Target Sectors And Areas applications: Solely focused on rainscreen cladding applications onto either masonry substrates or structural steel frame systems. Test report will cover SFS inner with either a brick or concrete outer construction. Targeting specific contractor's i.e Stanmore Ltd, H A Marks, Sitastruct, Lakesmere.	
Proposition: The first rigid insulation board fully tested to BS 8414 for use in buildings above 18m.	
Product Positions & USPs: Direct solutions vs phenolic. Over 100% more thermally efficient than mineral fibre insulation materials. Better U-values and thinner solutions. Super low emissivity for enhanced performance in cavity air spaces. Easier specification solution and 15% more cost effective than Kingspan.	
Manufactured/bought in: Manufactured	
Notes:	Lost opportunity recorded in 5 months equates to 70,000 m2. (Aug 12 – Jan 13)
	Stanmore purchased 26,000 m2 of K15 in 2012.
	SI Manchester sold £150,000 of K15 in 2012.
	Two projects through Keepmoat & Alumet due to start Oct/Nov 13 equates to 36,000 m2 opportunity.
	Possible OEM supply opportunity to Knauf. No volume assumed in this case.

NPD Financials	Year 1	Year 2	Year 3
Total Market Opportunity (m²)	1,300,000	1,340,000	1,400,000
Thickness (m2)	Actual M2	Actual M2	Actual M2
Total forecast area (m²)	150,000	200,000	250,000
Thickness	M2 @ 25m Y1	M2 @ 25m Y2	M2 @ 25m Y3
80mm			
Total forecast area (25mm@ m²)	480,000	640,000	800,000
Ave Selling Price @ 25mm	£4.37	£4.37	£4.37
Rebate and other promotions (23.5%)	£3.34	£3.34	£3.34
Av Cost £ @ 25mm	£2.16	£2.16	£2.16
Av Gross Margin £ @25mm	£1.18	£1.18	£1.18
Av Gross Margin @ 25mm %	35.4%	35.4%	35.4%
Attributable Costs			
Marketing Cost	£10,000	£10,000	£10,000
Production Investment	£0	£0	£0
Testing /Standards Costs	£80,000	£0	* £25,000 *
Trials Cost	£0	£0	£0
% Market Share	11.5%	14.9%	17.9%
Turnover (Nett Sales)	£1,604,664	£2,139,552	£2,674,440
Standard Margin	£567,864	£757,152	£946,440
Actual Product Margin	£477,864	£747,152	£911,440

* Subject to BBA requirement. Value currently unknown. *

Cost Breakdown	£
BRE	
Testing Costs To BS 8414-1/2	25,000
Contingency Fees	15,000
IFC	
Consultancy Fees (Design & Witness)	5,000
Field Of Application Report	5,000
Installation	
Materials & Labour	5,000
Marketing	
Marketing Costs	20,000