

♦ 2015 ♦

— Third Quarter —

Industry Report

INSIGHTS FROM:



WarmlyYours

As an established leader in the radiant heating industry, WarmlyYours Radiant Heating issues its Q3 2015 Industry Report in order to serve as a resource to our business and trade partners. This report includes a recap of industry news and WarmlyYours sales for the third quarter of 2015 as well as a look ahead at the trends and growth expected for the rest of the year.

WarmlyYours' announced their third quarter 2015 results, which met the company's expectations and reflect the expansive growth in major urban cities across the country and in Canada. The company reports accelerated sales in several product categories, including floor heating, snow melting systems, towel warmers and other bathroom luxury items.

WarmlyYours experienced continuous growth in the third quarter (Q3) of fiscal 2015 across its various product lines in the United States and Canada of 2.5%. Product lines that excelled in the third quarter are Snow Melting Systems – up 22% and Towel Warmers – up 18% over the same period 2014.

Sales of snow melting and deicing products soared as a result of seasonal demand. Installation of these products are usually done in warmer months when ground temperatures are above 14°F. WarmlyYours' Snow Melt controls continued to gain consumer awareness for quality and flexibility with the Automatic Control up 190% and the Power Modulator up 22%, performing well above projections.

(26%). The newly introduced models of 2015, Metropolitan Towel Warmer and Studio Towel Warmer grew an astonishing 250%.

In the electric floor heating category, the most recent addition to our floor heating product offering, Loose Cable, continues its increase of sales in Q3 by 89%, comprising 6% of the floor heating business. WarmlyYours expects to see a healthy growth in sales of the Prodeso Cable Installation Membrane, which attracts flooring professional for its speed of installation - in and out in one day.

Overwhelmingly, consumers are choosing floor heating for bathrooms, accounting for more than 50% of the business and surpassing kitchen (6.2%), living room (4.1%) and powder room (3.6%), with all other rooms (11.1%) showing strong increases over Q3 2014 numbers.

WarmlyYours introduced Ember in 2015, a new Radiant Panel model that represented about 40% of this product line sales in the third quarter.

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Rounding out the growth in the snow melting and deicing product line are WarmlyYours' roof and gutter deicing cable products up 136% over the same period last year.

Increased consumer demand for bathroom luxury items, such as electric towel warmers, fueled the successful growth of WarmlyYours' towel warmer collection, producing growth of 18% in Q3. Established Towel Warmer models showed an outstanding performance, with Infinity Towel Warmer (54%) topping sales, followed by Riviera (16%) and Sierra

Other WarmlyYours products grew at a higher rate; a remarkable 246% in 2015-Q3, with the main product category comprised of Mirror Defoggers (50%), Integration Kits (30%) and Countertop Heaters (20%).

Third quarter's results report expansion in several key metropolitan markets, including St. Louis (35.7%), which took the lead among growth areas, San Jose (28.3%), Chicago (18.3%), Cleveland (9.0%), while New York (17.2%) and Boston (9.0%) were in line with the year prior.

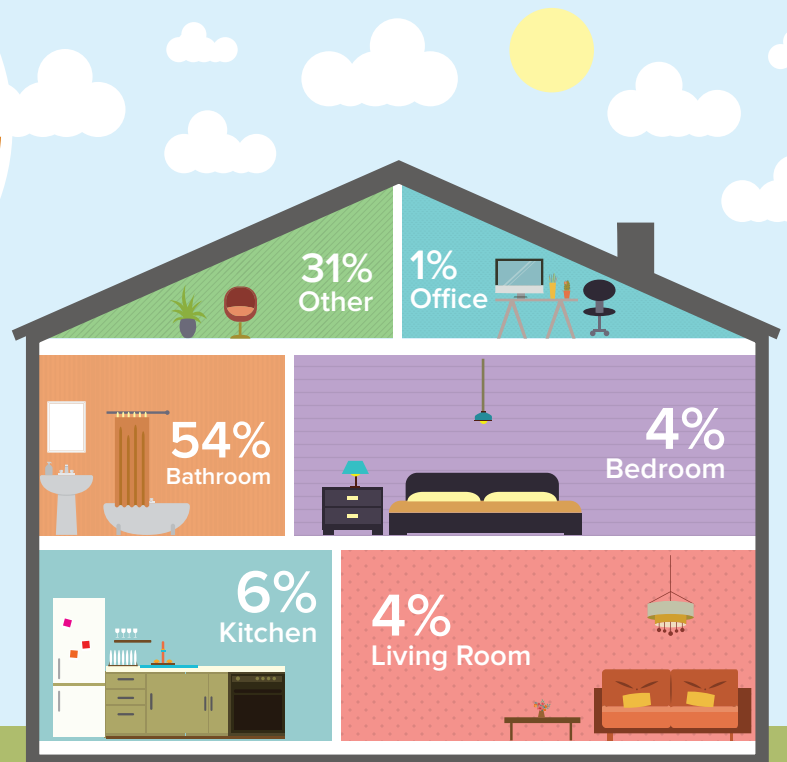
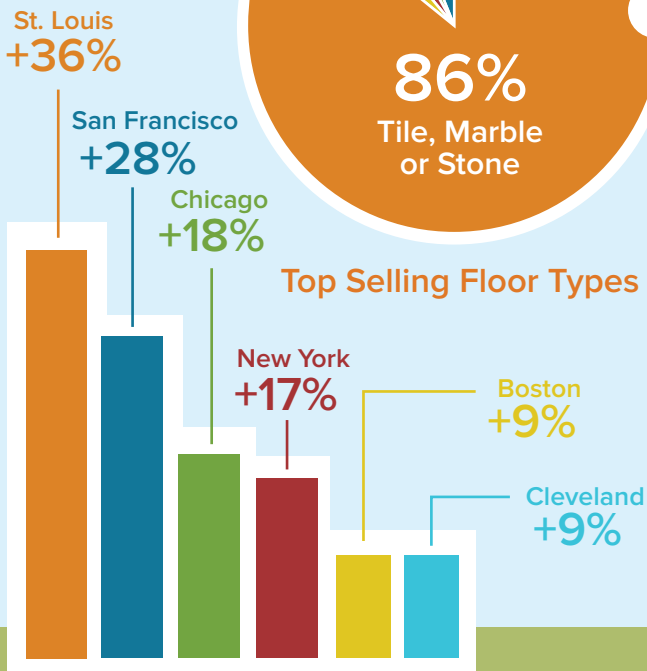
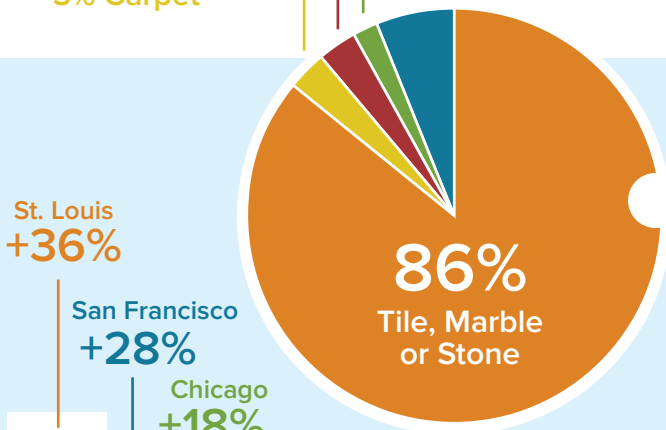
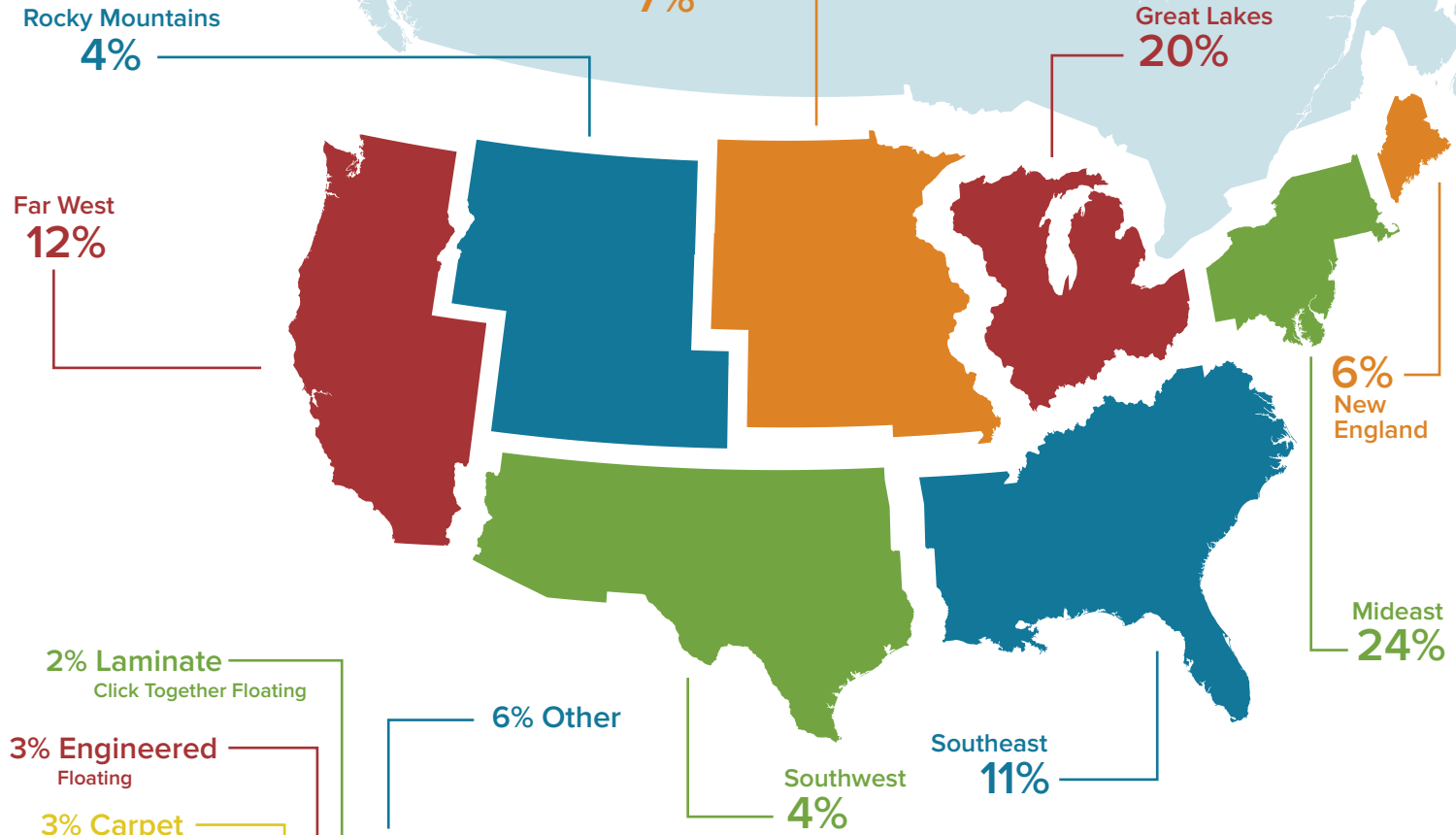


WarmlyYours saw an impressive share of business with Mideast (23.8%) and Great Lakes (19.9%) still leading the region, Far West (11.6%) replacing the third position with Southeast (10.9%), followed by US Plains (6.6%), New England (5.6%), South West (4.2%) and Rocky Mountains (3.9%), whereas Canada had a slight decrease from 16% to 13%.

“We saw continued growth in 2015’s third quarter across different products in the United States and Canada,” said Julia Billen, the President/Owner of WarmlyYours. “Our secret ingredient is our people. They are passionate about delivering the best consumer experience and that is something that can’t be faked. You either have it or you don’t. Customers appreciate it and that means the difference between a repeat customer or not.”

WarmlyYours is in its growth mode and so is the industry, as the home improvement market continues to remain healthy and growing. Other industry-related indicators of growth are Home Depot that saw a 6.4% increase from the Q3 of fiscal 2014 and Lowe’s, that reported a 25% increase in Q3-2015.

The rate of innovation increased rapidly, paralleled by the company’s significant growth of sales in floor heating and radiant heating products, snow melting solutions and bathroom luxury items. ■



Fastest Growing Metropolian Areas

Top Selling Rooms for Floor Heating Systems