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Revised July 2009 PHCP Wholesalers' Sales Report - Down 14.4%

The revised confidential July Wholesalers' Sales Report produced by the Profit Planning Group (PPG) reported that July 2009 total product sales were down 14.4% or \$72.3 million compared to July 2008. Year-to-date total product sales were down 10.8% or \$316 million for a year-to-date total of \$2,604.7 billion. PPG has advised that the monthly number for hydronics was previously overstated in Ontario and has now been revised. In a review of the July report we noted the following:

- 1) The unusual summer weather has possibly had a negative influence on HVAC/R Sales;
- 2) The Province of Quebec's annual two-week construction shutdown occurred in July;
- 3) Housing starts (seasonally adjusted) decreased to 132,000 units.

YEAR-TO-DATE BY PRODUCT GROUP	JULY 2009 vs. JULY 2008	YEAR-TO-DATE BY REGION	JULY 2009 vs. JULY 2008
HVAC/R is down 10.2%	HVAC/R is down 13%	BC is down 15.1%	BC is down 18%
Hydronics is up 6.1%	Hydronics is down 4.7%	Alberta is down 14.3%	Alberta is down 18.5%
Plumbing is down 8.9%	Plumbing is down 13.7%	West (SK, MB, Thunder Bay) is down 8.6%	West (SK, MB, Thunder Bay) is down 15%
PVF is down 22.4%	PVF is down 25.8%	Ontario is down 9.5%	Ontario is down 12.5%
Waterworks is down 12.2%	Waterworks is down 11.2%	Quebec is down 7.3%	Quebec is down 14.2%
		Atlantic is down 3.8%	Atlantic is down 1.8%

The percentage change numbers for small regions can be heavily impacted by individual transactions. For example, a single sale of \$50,000 made in one month would cause a large percentage change from the previous month in the Atlantic region. However, the same sale in Ontario would have no major impact on the percentage change figure. To better understand the percentage change figures, it is essential to also look at the change in dollar volume in the region.

Some interesting articles can be found at:

The Potential Impact on Sales and Profits of a 5% Reduction in Inventory for a typical CIPH Member.

<http://www.ciph.com/Downloads/articles/014vol18-3ciph.pdf>

Profit Improvement Report, Prepared for CIPH, Vol. 18, No.3, September 2009: "The Siren Song of Inventory Reductions." <http://www.ciph.com/Downloads/articles/014vol18-3ciph2.pdf>

Webinar Training: "Are your profits quietly being stolen?"

http://www.ciph.com/Your_Industry_Trade_Section/News/Press_Release.php?id=602

From CMHC: Housing Starts Decrease in July <http://www.cmhc.ca/en/corp/nero/nere/2009/2009-08-11-0815.cfm>

The Canadian Institute of Plumbing & Heating is a not-for-profit trade association. Founded in 1933, the Institute is a vibrant organization committed to providing members with the tools for success in today's competitive environment. More than 250 companies are members of this influential Canadian industry association. They are the manufacturers, wholesaler distributors, master distributors, manufacturers' agents and allied companies who manufacture and distribute plumbing, hydronic heating, industrial, waterworks and other mechanical products. CIPH wholesalers operate more than 700 warehouses and showrooms across Canada. Total industry sales exceed \$5 billion annually.



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