Major Capital & Accounting Advantages with the Adurel Millennium Program

Adurel Millennium Program greatly lowers cash outlays and maximizes expense allowances. The customer has unmatched budget control.

Roof management consultants regularly preach Life Cycle Costing (LCC) to maintenance engineers and property managers across the country.

When they are not teaching the concept, they are being asked to evaluate the cost effectiveness of their clients roofing options. The new roof is looked at as a business decision. Payback and Savings-to-Investment Ratios (SIR's) as considerations are just as critical as the functionality of the roof.

To analyze the cost of the roof over time, cash outlay is weighed against the time value of money. Roof costs are divided by the life expectancy of the system.

Maintenance costs required to obtain a maximum roof life span are added to the roof costs to determine a net cost regardless of the warranty.

Costs are then divided on a yearly basis. Interest rates and the interest earned on the potential savings between two systems will determine the true costs per year.

COST EFFECTIVE VS JUST EFFECTIVE

Depending on the system, a 2-year warrantied system can be more cost effective than a 15-year warrantied system, if the difference in price is enough to offset the cost of money over time and the extra cost of maintaining a less expensive system does not offset the initial cost difference when the time value of money is added in.

Other factors can be figured in, such as extension of the life cycle with maintenance vs reroofing.

A flashing restoration or maintenance program can add 5-10 years to the life of the current roof The maintenance cost is then added to the initial investment and the yearly costs are spread out over more years. This is only effective if the timing and amount of the costs are less than the yearly cost of the new investment.

The time value of money is a calculation of accrued interest on either the investment or the savings. This is a key factor in the savings calculation and the net cost. What would the return on investment be if a 1.5 million dollar savings were invested elsewhere?

Additional considerations are the advantages of either capitalizing, expensing the roof or spreading out the application over several years.

The following study is an example of how the Adurel Millennuim Program, using renewable Adurel systems, can lower your costs over other options.

Restaurant Grade System

The Adurel Millennium system is designed to be renewable and end the tear-off cycle. If the system is installed all at once, the highest payback comes at the renewal phase and continues from there. If installed over time, additional money is saved based on the time value of money.

ADUREL MILLENNIUM SYSTEM A
5-Year Phased-In Finishing:

This system assumes the field can wait 5 years to be completely covered.

Year 1: All flashings, seams, projections and leaking areas of the field are restored with the Adurel System. A 5-year warranty is issued **on all** flashings and completed work to allow for phased-in finishing of the entire field.

Year 2-5: Apply completed Adurel roof over 25% of the roof every year. Each section carries a 10-year warranty. During each year the balance of the roof is tuned-up and maintained in a watertight condition. Each application has the warranty piggybacked to include the flashings and seams for a 10-year extension on the warranty.

ADUREL MILLENNIUM SYSTEM B
5-Year Phased-In Split System
with Net 10-Year Coverage:

If the entire field needs attention, the first layers of the system may be applied over the entire field on the first year to stabilize the membrane and prevent further deterioration.

Year 1: Install base coat or base coat with polyester over the entire field in the first year as required. This system carries a 3-5 year warranty.

Year 2-5: Apply finishing layers over 25% of the roof every year for a 10-year extension.

The system can also be spread out over 8 years or longer as follows:

Year 1-4: Restore all flashings and install reinforced 5-year system in 4 phases.

Year 5-8: Apply 5-year maintenance coating again in 4 phases.

FIRST ANALYSIS:
Comparison of a Fully Adhered EPDM Capital Depreciation vs a Phased-in Expensed Approach Using the Adurel Millennium Program

The system comparisons have the following assumptions:

1) Both systems have a selling price of 2.00 per sq.ft. based on average Midwestern labor rates and productivity.
2) Both systems carry a 10-year warranty.
3) The roof covered by **Adurel** is suitable for a restoration (this program cannot be applied if the existing roof insulation is saturated).

5-YEAR CAPITAL OUTLAY COMPARISON
REROOF VS ADUREL MILLENIUM PROGRAM
100,000 SQ.FT. RESTORATION OF METAL ROOF

System Year	Initial Capital Spent	Money Spent Per Year	Potential Tax Refund Per Year	Interest Earned on Diff.	Ending Net Capital Spent
REROOF					
Year # 1	**$160,000** ($1.60 per sq.ft)	**$160,000**	-$1,189		$158,811
Year # 2			-$1,189		$157,622
Year # 3			-$1,189		$156,433
Year # 4			-$1,189		$155,244
Year # 5			-$1,189		**$154,055**
ADUREL					
Year # 1	**$32,000** (1/5th of roof per year at $1.60 sq.ft)	**$32,000**	-$9,280		$22,720
Year # 2		**$32,000**	-$9,280	-$9,526	$35,914
Year # 3		**$32,000**	-$9,280	-$8,436	$50,198
Year # 4		**$32,000**	-$9,280	-$7,266	$65,649
Year # 5		**$32,000**	-$9,280	-$6,188	**$82,181**

FINANCIAL ANALYSIS OF MILLENIUM PROGRAM
DIFFERENCE ON CAPITAL SPENT
EXTENDED TO 10 YEARS

System Year	5-Yr. Net Capital Spent	Potential Tax Refund	Interest Earned on Diff.	10-Yr. Net Capital Spent
EPDM 5-10 years	**$154,055**	**-$5,945**		**$148,110**
ADUREL 5-10 years	**$82,181**		**-$33,082**	**$49,099**

* Be sure to verify potential tax savings strategies through your own accountant taking into consideration the tax laws of your state.

SECOND ANALYSIS:

Net Life Cycle Cost at 10 Years Compared to Fully Adhered EPDM

The EPDM roof system will require tear-off and replacement at the end of this cycle. Applying a maintenance coating renews the Adurel system. This renewal can be 1/2 the original cost.

The following assumptions are made:

1) Tear-off and reroof of EPDM at 4.50 per ft. at year 10.
2) Adurel's renewal does not include a tear-off. The renewal of Adurel re quires cleaning and a two-coat system.
3) Due to the lower cost at renewal for Adurel, the cost after 10 years is calculated to be the same as the original cost. Difficult roofs or more expensive initial applications could have 1/2 the initial cost at renewal.

Adurel over built-up asphalt with walls and copings.

System in progress with resin sealer.

FINANCIAL ANALYSIS OF ADUREL MILLENNIUM PROGRAM AGAINST A NON-RENEWABLE SYSTEM AT 10 YRS

System/ Year	10-Yr. net Capital Spent	New Spending	Potential Tax Refund	Interest Earned on Diff.	Net Capital Spent
EPDM Year # 10	**$148,110**	**$360,000**	-$3981		$504,129
ADUREL Year # 10	**$49,099**	**$32,000**	-$9,280	-$6,930	$64,899
DIFFERENCE AFTER RENEWAL = $439,230.00					

FINANCIAL ANALYSIS OF MILLENNIUM PROGRAM AFTER RENEWAL THROUGH 14 YEARS

System/ Year	New Money Spent/Yr.	Potential Tax Refund	Interest Earned on Diff.	Net Capital Outlay
EPDM				
Year # 10	**$360,000***	-$3,981		$504,129
Year # 11		-$3,981		$500,148
Year # 12		-$3,981		$496,167
Year # 13		-$3,981		$492,186
Year # 14		-$3,981		$488,205
ADUREL				
Year # 10	**$32,000**	-$9,280	-$30,741	$56,878
Year # 11	**$32,000**	-$9,280	-$31,028	$48,570
Year # 12	**$32,000**	-$9,280	-$31,331	$39,959
Year # 13	**$32,000**	-$9,280	-$31,655	$31,024
Year # 14	**$32,000**	-$9,280	-$32,002	**$21,742**
DIFFERENCE AFTER 14 YEARS = $466,463.00				

The following financial assumptions apply:

1) The EPDM system is applied all at once and is depreciated over 39 years. The Adurel system is spread out over 5 years and expensed. After the first year, the difference in capital outlay is invested with conservative returns or at least not borrowed. The net capital difference works for the building owner.
2) A corporate tax rate of at least **33%** is saved on the expensed Adurel System.
3) Money not spent or borrowed nets or saves at least **7%** total return per annum.
4) The difference in potential tax savings is added to the unused capital every year.
5) The **5-year** Adurel system is priced to accommodate inflation for a fixed cost per year.

THIRD ANALYSIS:
Net 20-year life cycle cost compared to non-renewable systems.

Dividing the cost per year on a 20-year cycle shows the true cost of a roof over time. The assumption is that all the systems except Adurel require removal after 10 years. No inflation is added to any renewal costs.

The analysis to the right assumes $.05/year for all systems to perform routine maintenance.

Your Roof As An Investment

It should be obvious at this point that it is good business to invest in Adurel. The Adurel Millennium Program ends the expensive tear-off and replacement cycle. The system is guarenteed to be renewable for the life of the building if properly maintained.

We call this concept warrantied maintenance.This is completely different from the normal temporary maintenance that could be considered “throwing your money away.” In many cases, Adurel restorations may be lower in cost than temporary repairs due to our low labor requirements and efficient repair strategies.

The Adurel Lifetime Warranty program includes a bi-yearly inspection that isolates problems caused by mechanical contractors, storms, animals, or insects that can damage the roof and underlying insulation if not noticed. Flying debris can clog up drains and create structural stress.

This planned periodic maintenance guarantees the system’s reliability and performance for the life of the building.

LOWEST INSTALLED COST PER SQ.FT. OVER 20 YEARS

SYSTEM	CASH OUTLAY PER YEAR				YEARLY AVE. COST/SQ.FT.
	YEAR 1	YR. 1-10 MAINT.	YEAR 11	YR. 11-20 MAINT.	
BUR GRAVEL	$2.75	$.50	$5.50	$.50	$.46
BUR SMOOTH	$1.50	$.50	$3.00	$.50	$.27
MODIFIED BITUMEN	$2.25	$.50	$4.50	$.50	$.38
EPDM	$2.25	$.50	$4.50	$.50	$.38
ADUREL	$2.00	$.50	$1.00	$.50	$.20

Poured in place seamless technology lowers costs for new construction.

Renewable all-risk warranties offer maximum protection for heavy industry.

Other advantages of the Poured-In-Place Adurel systems:

Non-destructive: The system “marries” to the existing roof - both systems work as one. Converts any roof to a reliable renewable system.

Energy Savings: White roof can save 27-67% on HVAC cooling costs over black and gray systems.

Harsh Environment Protection: Suitable for restaurants, greasy areas, food processing plants, chemical plants, steel mills, acidic and caustic areas.

Adurel offers free consultation and several options to meet your budget. Contact an Adurel Representative for more information.

Silo System

ADUREL ®

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