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Business Projections for ALAB Diffusers

Market Data and Assumptions

1. North American Sales of diffusers for wastewater treatment are now \$ 60 million annually.
2. Estimated global sales of diffusers for wastewater treatment are at least \$ 120 million. Global diffuser sales for other applications including drinking water, ore flotation, eutrophication, aquaculture, ozone, bioreactors and, should double world sales to \$ 240 million.
3. All these markets are growing because of growing population and increasing concerns for health and the environment.
4. Finer bubbles and new diffuser designs can significantly reduce both capital and operating costs. The savings will be especially important for the economics of pure oxygen applications.
5. Superior technology and lower cost should generate a minimum 10% share of the existing market and increase the market for a total of at least \$ 25 million sales

Business Plan

1. Competitive diffuser pricing is approximately \$120 per square foot.
2. ALAB diffusers can be manufactured for less than \$10 per square foot.
3. Even if sold for only \$40, the gross margin would still be 75%
4. Patent protection in developed countries is broad and strong. Less developed countries tend to lack the technology for manufacturing. Therefore the diffusers are proprietary and high margins can be maintained.
5. Because the customers are all business and governments, marketing costs will be lower than for consumer products. Inventory turns should be high because most diffusers can be made (quickly) on order. High margins can finance rapid market penetration.