



ALEXIUM

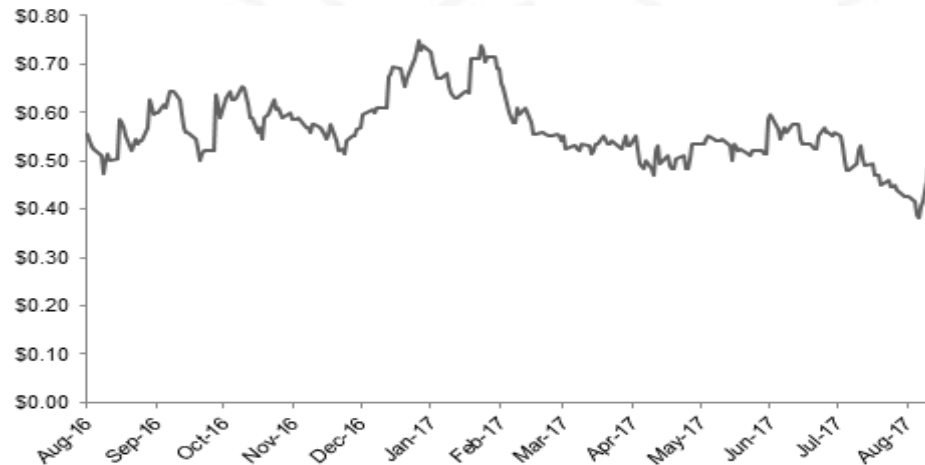
SPECIALTY CHEMICALS AND SOLUTIONS

INNOVATION. GROWTH. LEADERSHIP

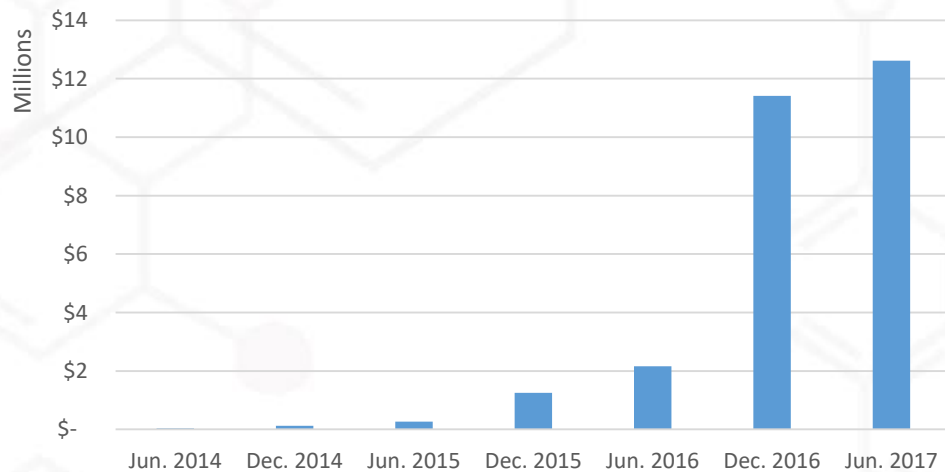
October 2017

Company Overview

12 Month Share Price



Revenue Growth



Key Statistics

ASX Code	AJX
Current Share Price	\$0.40
52 Week High	\$0.76
52 Week Low	\$0.37
Shares on Issue	~304m
Market Capitalisation	~\$124m
Cash (30 June 2017)	\$3.4m

Post Year End Highlights

- Company cash positive for June-July
- Closed US\$10M debt facility in September, \$5M used to fund growth
- Refinanced existing US\$5M debt facility to lower interest rate and extend term
- Continued positive margins trending towards mid year target of 30%



Who are We?

- Alexium International is a speciality chemicals developer based in Greer, South Carolina, USA, with its headquarters in Perth, WA.
- Focus on environmentally friendly, non-hazardous Flame Retardants (FR) and Phase Change Materials (PCM) that offer superior performance
- Cost effective, patented solutions for both textile and non-textile markets
- Formulations made as a single step, drop-in solution that can be added at any finishing facility around the globe with no changes to equipment
- Rapid growth in sales from A\$0.4m in 2015 to A\$24m in 2017
- Global chemical markets for FR and PCM total \$6.5B and \$1.5B per year respectively

Environmentally-Friendly FR Solutions

Knowledgeable Formulation Experts

Extensive Customer Support

Exceptional Product Performance

Innovation Driven

Toll Manufacturing/Supply Chain

Regionally Diverse and Scalable Global Manufacturing Model



Holly Oak Chemical, Inc.



- Strategic partnerships established to rapidly scale go-to-market capabilities.
- Manpak is in Australia, Brocolor in Germany; Fujifilm in Belgium, with the other partners being located in the US.



Fire Retardant Market

Market Drivers

- Stringent fire safety regulations causing companies to look for more effective performance in FR
- Evidence of toxicity and bio accumulation in halogenated compounds and carcinogens
- The **Consumer Protection Safety Commission (CPSC)** has formed an advisory panel to restrict the use of halogenated, non-polymeric, flame retardants
- REACH is the chemical regulatory system for the European Union
- There are 21 current toxic flame retardant policies in 14 states and 34 adopted policies in 14 states.



Key Stats

- Operating in a **US\$7BN** market which has a forecasted compound annual growth rate of ~5.7% until 2019
- Expected compound annual growth rate (CAGR) of **5.7%**, rising to **\$10 billion** by 2019
- Non-polymeric organohalogens make up >%50 of total FR market



PCM- A new standard in Textiles

Alexicool, the break-through PCM chemistry that underpins the next wave of heat resistant and cooling fabrics/textiles for the apparel, mattress and bed linen industries.

What is a PCM?

- Alexicool is the chemistry that can improve the efficiency of apparel and other textiles to absorb heat and moisture, and keep the body cool, in a manner superior to that which is already available, while also lasting for a longer wash-cycle.
- The microscopic molecule attaches to a fibre and can retain heat and cool the textile it is applied to, and then re-charge itself when the heat source is removed (i.e. a human).



- It has quickly become Alexium's fastest growing product line, and in our view, can continue to be so over the medium term.
- Major brands in this industry (majority apparel) include Nike Dri-FIT, Underarmour HeatGear or Coolswitch, Reebok ONE Series to name but a selection of the products available.



What do we produce?



MATTRESS TICKING

Alexicool + Alexiflam
Formulating cooling and FR technologies together differentiated Alexium as an innovation leader in the mattress ticking segment.



HOME TEXTILES

Alexicool
From pillows and mattress toppers to pet bedding and more, Alexicool is unmatched in cooling, soft hand, and ease of application.



OUTDOOR FABRICS

Alexiflam
The versatility of our Alexiflam FR chemistries allows Alexium to meet stringent FR specifications for a variety of demanding fabrics such as polyester and nylon.



MILITARY/WORK WEAR

Alexiflam
Utilizing patent pending chemistries, Alexium meets rigorous industry specifications for both flame resistance and durability on Nylon/Cotton and cotton rich blends.



NATURAL FIBERS

Alexiflam NF

Alexiflam NF is designed for FR treatment of natural fibers such as cotton and wool and offers a cleaner, simpler production process than incumbent technologies.



APPAREL

Alexicool DR

Alexicool is designed for a wide range of apparel applications where cooling, durability and wicking properties are desired, without sacrificing breathability.



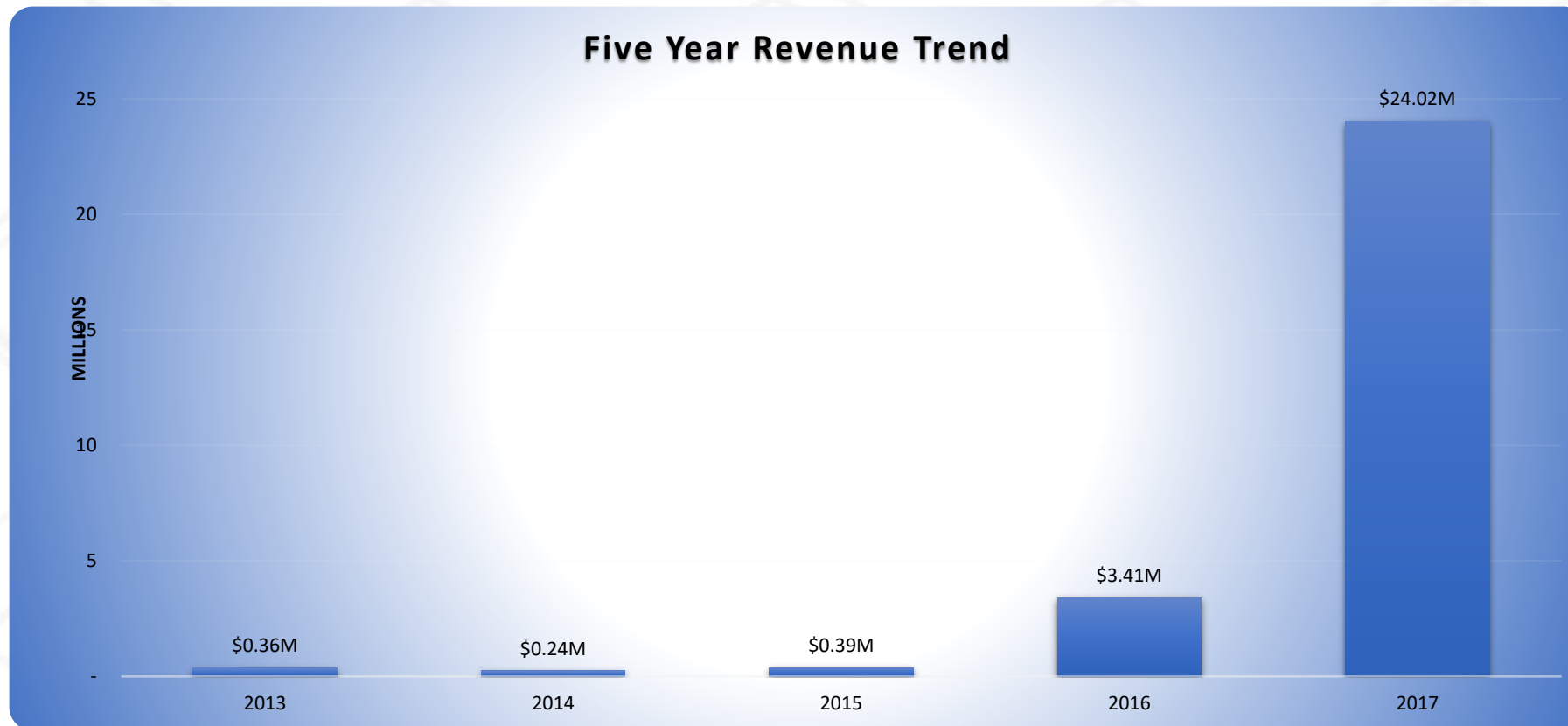
NON-TEXTILES

Alexicool

Leveraging its success in textiles, Alexicool has positioned Alexium to seek out non-textile markets, which account for over 80% of the total market



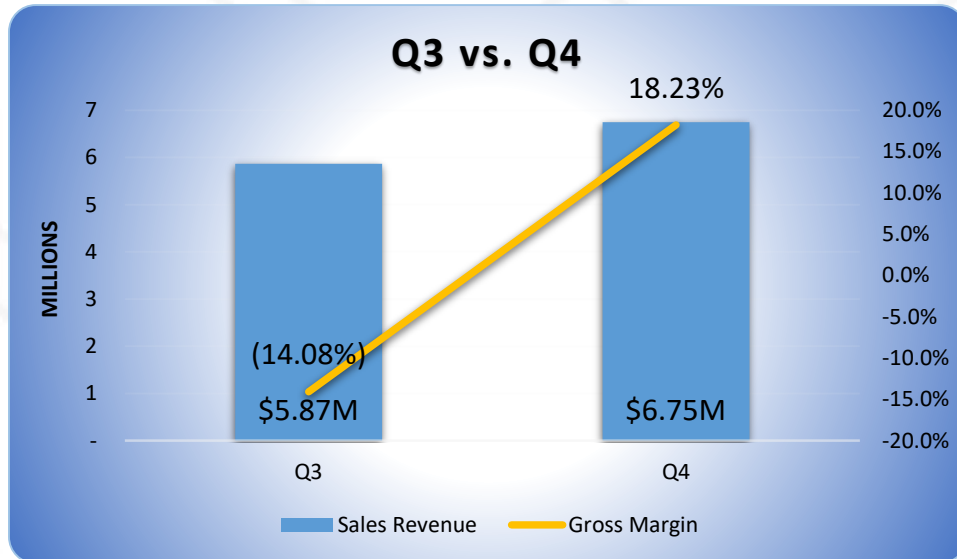
Financial Overview



- Total revenue grew 604% over the prior fiscal year to \$24.02M
- Margin on chemical sales grew by 13.3 percentage points

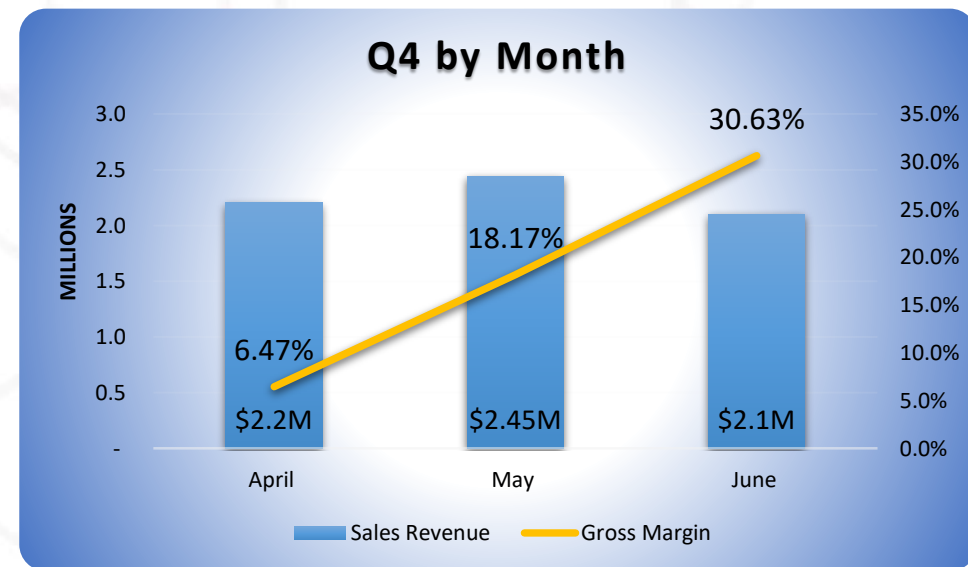


Financial Overview



- Revenue increased by 15% in Q4 due to bedding sales ramping to record highs
- Gross margins increased by 32.3 percentage points as ramp up in bedding sales allowed for better raw material pricing in Q4 from economies of scale

- Revenue in Q4 showed continued growth over prior periods
- June revenues slightly lower than previous months due to US Independence Day holiday slowing production for end customers
- Margins showed steady progression towards our calendar end year target of 40%
- 31% margins on June sales directly contributed to Alexium reaching a cash neutral position on pace to



2017 Financial Results

- Revenue from chemistry sales up 693% from \$3M to \$24M
- Margin on chemical sales grew by 13.3 percentage points
- EBITDA up 27.75%
- First ever cash neutral month in June
- Final approval for new debt facility obtained on 9/1/17
 - Refinancing current debt at lower rate
 - Drawing down additional \$5M to fund working capital

Revenue from ordinary activities	up	595%	to	24,034,416
Loss from ordinary activities for the period after tax attributable to members	down	21%	to	(12,155,268)
Net loss for the period attributable to members	down	21%	to	(12,155,268)

	2017	2016	Improvement
EBITDA	(11,010,566)	(15,240,398)	27.75%
Basic loss per share (cents per share)	(4.02)	(6.97)	42.32%



Selling, General and Administrative Costs

	<i>Current Period</i>	<i>Previous Period</i>	<i>% of Revenue</i>	<i>% of Revenue</i>
	2017	2016	2017	2016
<i>Administrative expenses</i>	(1,512,740)	(1,361,276)	6.29%	39.37%
<i>Depreciation and amortisation expenses</i>	(359,241)	(204,473)	1.49%	5.91%
<i>Employee benefits expense</i>	(5,104,877)	(3,672,088)	21.24%	106.19%
<i>Share based payments</i>	-	(4,175,190)		120.74%
<i>Research and development</i>	(1,878,367)	(1,984,423)	7.82%	57.39%
<i>Professional fees</i>	(1,525,349)	(2,130,604)	6.35%	61.61%
<i>Other expenses</i>	(1,507,547)	(2,010,910)	6.27%	58.15%
<i>Change in fair value of derivative liability</i>	(189,276)	-	0.79%	-
<i>Finance costs</i>	(596,184)	-	2.48%	-
Total Expense	(12,673,581)	(15,538,964)	52.73%	449.37%

➤ ADMINISTRATIVE COSTS-

Administrative costs increased this year by \$0.15M, but dropped from 40% to 6% of total revenue. Continued reductions in administrative costs in relation to revenue are planned for FY2018. Alexium was able to realize several operational benefits from the new facility including a reduction in administrative costs by US\$0.15M to be realized over the first 5 years of the lease.

➤ DEPRECIATION AND AMORTIZATION-

In October, 2016, Alexium finalized the build of its new, state of the art facility. Related depreciation and amortization expenses increased \$155K for the period, but was down as a percent of revenue.

➤ EMPLOYEE BENEFITS EXPENSE-

Employee costs increased by \$1.4M but decreased as a percent of total revenue to 21% from 108% in FY2016. This trend is expected to continue and the Company is expecting a reduction in staffing costs in FY2018 as post year-end reductions have occurred. Board costs and Executive Director costs have been substantially reduced following a combination of the Board voting to lower Board and Committee Fees for FY18, the retirement of the Executive Director of Strategy and the move of the Executive Chairman to Non-Executive Chairman.



2018 Outlook

➤ **MILITARY**

The Company will continue to work with strategic fabric and garment partners to advance its progress towards achieving major military contracts in FY2018. Work will focus on breathability and weight of the base fabric as durability of the flame retardant treatments continue to meet performance requirements. In addition, the Company will begin to identify potential licensees of its proprietary Reactive Surface Treatment technology as global chemical and biological threats are increasing.

➤ **FORM STRATEGIC PARTNERSHIPS FOR GLOBAL ALEXIFLAM™ NF LAUNCH**

Due to significant industry interest in the value proposition of Alexiflam™ NF, Alexium will be forming strategic partnerships to maximize the value of Alexiflam™ NF for its shareholders. Those partnerships will likely include exclusive licensees for various markets and manufacturing agreements.

➤ **IMPROVEMENT IN FINANCIALS AND PROFITABLE GROWTH**

Through a combination of price increases and supply chain management, Alexium will continue to convert its earlier market penetration revenue streams to profitability. In addition, increasing market share in current markets and expansion into new markets will result in profitable growth.

➤ **EXPANSION OUTSIDE OF TEXTILES**

Efforts began in FY2017 to diversify Alexium's revenue streams outside of textiles. Several of these opportunities are expected to materialize in FY2018. While a continued push into epoxy/polymeric markets is ongoing, the Company also has market adoptions planned in protective coatings and wood treatments.

➤ **CONTINUED GROWTH IN BEDDING AND PILLOWS**

Planned expansion into the pillow market with Pegasus Home Fashions will continue to drive revenues upward and the number of bedding brands using Alexium chemistry will increase. Through the reporting date Alexium has already added two new bedding customers.

➤ **COMMERCIALIZATION OF TENTING TREATMENT**

Alexium's all-in-one Oeko-tex Certified tent fabric treatment (including FR, water repellency, coatings and binders) to realize penetration into highly eco-conscious tenting market space.





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SPECIALTY CHEMICALS AND SOLUTIONS

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