



ALEXIUM INTERNATIONAL GROUP LIMITED

ASX/Media Release

21 May 2015

ALEXIUM ANTICIPATES POTENTIAL ADDRESSABLE REVENUE OF MORE THAN US\$10M FOR 2015

HIGHLIGHTS:

- Alexium **on target for strong first year of revenue** working with **more than 20 customers** in pre-production, production and scale-up, with a total potential 2015 addressable market for the company of **more than US\$10M**
- Significantly higher revenue potential for Alexium's Fire Retardant (FR) products exist in 2016 as greater penetration is achieved into initial markets, defense sector potential is realised and developing European and Asian markets.
- Further revenue potential from a new stream of developing products in the building industry sector

Perth, WA and Greer, South Carolina: Alexium International Group Limited (Alexium) (ASX:AJX, AX:AJX, OTC QX:AXXIY) ("Company") is pleased to provide an overview of the development of the sales pipeline for the first four months of 2015 and the outlook of the significant opportunities in the US markets for the remainder of the year.

This year, Alexium has been focused on achieving revenue growth and expansion of its brand in the marketplace. Alexium has achieved clear and demonstrable progress toward both.

Alexium is on target for a strong first year of revenue, as it works with more than 20 customers in pre-production, production and scale-up, with a total potential 2015 addressable market for the company of more than US\$10M.

The revenue potential for Alexium's FR products in 2016 is significantly higher than 2015 as the Company will achieve greater penetration into the initial markets, grow the defense sector potential and develop its brand in the European and Asian markets.

In addition, we are developing products in the building industry sector.

CONTINUED ADVANCEMENTS IN THE US DEFENSE SECTOR

Alexium has won selection to be funded to join the second phase of a next-generation flame-retardant (FR) 50/50 nylon-cotton fabric with a targeted product rollout in 2015.

In late 2014, Alexium was contracted by Batelle to provide a 50/50 nylon-cotton fabric with an environmentally-friendly flame retardant solution for the United States Department of Defense Natick Soldier Systems Center's Green Initiative. That fabric was delivered to Natick in April of this year and successfully passed or exceeded all of Natick's requirements, leading to Alexium being downselected to the next stages of development. Alexium and Natick are currently working to finalize funding for the next stage of development which is expected to run through the next several months. Based on historical volumes, **the global market 50/50 nylon-cotton fabric FR opportunity reaches over US\$240MM annually**, representing a huge opportunity for Alexium.

In addition to the efforts with Natick, Alexium is actively and aggressively engaged with multiple potential customers to launch a 100% nylon FR product, which has multiple applications across the military branches, but primarily in the U.S. Army. Alexium is also in the final stages of commercial scale-up with a major provider of military strapping to the U.S. military. Within the military sector, Alexium:

- Has been **successfully been downselected for the Natick Green Initiative**, with additional grant funding expected 2Q 2015;
- Is **working directly with a major prime contractor to the U.S. Army** to develop and launch a next-generation FR Army Combat Uniform (FRACU);
- Is in late-stage scale-up with **suppliers to U.S. military in 100% nylon and strapping materials**;
- **Has estimated the 2015 revenue opportunity in the US Defense Sector at US\$3.0M.**
-

US COMMERCIAL SECTOR ADDRESSABLE MARKET UPDATE

In addition to a very active and aggressive portfolio of defense sector product development and sales opportunities, the backbone of Alexium's 2015 revenue potential lies in the commercial sector given speed to market. Alexium's efforts are currently focused in three textile areas: transportation, home furnishings and outdoor fabrics.

US Transportation Market

Alexium continues to see strong progress in the US transportation market, which encompasses automobile, aviation and public transportation. This market is highly environmentally-conscious due to the enclosed nature of the spaces the fabrics typically occupy, and it has been the most aggressive in term of demanding environmentally-friendly solutions. The US transportation market (automotive and public transportation combined) **has an addressable market size for Alexium Formulations of US\$50M annually**. In this market, Alexium has:

- produced samples which pass all flame retardant specifications for a **total of six clients**
- has **proceeded to full-scale commercial trials for five of those clients**, meeting passing performance criteria on their production equipment;
- already **begun generating ongoing revenue** from one of those clients;
- estimated the 2015 revenue opportunity for Alexium in transportation at **US\$1.6M**.

US Home Furnishings Market

Currently, Alexium's efforts have been most active in the home furnishings market - which includes upholstery, drapery, floorcovering and bedding - due to a number of different factors. First, California Law TB-117-2013, which went into effect on January 1 of this year, changed the landscape of upholstery testing, effectively driving the FR burden of the furniture away from the foam and on to the fabric, with a parallel effort in California to meet the new standard in an environmentally-friendly way. Secondly, the bedding industry has seen a major trend where the public is widely recognizing the role of quality sleep in general health and well-being, which is directly resulting in a large upturn in the sale of high-end mattresses and bedding, all of which require durable FR solutions. As a result, the durable, environmentally-friendly nature of Alexium's products are resonating within that industry, of which the FR-solution portion alone is estimated to be **upwards of US\$125M annually**. In this market, Alexium has:

- produced samples which pass all flame retardant specifications for a **total of eight clients**;
- has **proceeded to full-scale commercial trials for six of those clients**, meeting passing performance criteria on their production equipment;
- already **begun generating ongoing revenue** from one of those clients
- estimated the 2015 revenue opportunity for Alexium in home furnishings at **US\$2.5M**.

US Outdoor Fabrics Market

Alexium continues to make significant progress in the outdoor fabrics market (which encompasses the outdoor recreational and outdoor upholstery), an industry which has an **annual flame-retardant chemistry consumption of over US\$50M**. The two sectors of this market are among the most performance-demanding of all the markets Alexium is addressing, due to the extreme conditions FR treatments are expected to endure. Consumers are also among the most forward-thinking in terms of environmental consciousness, a perfect fit for Alexium's products.

Alexium continues to work with major suppliers to these sectors to bring durable FR products to the market, and while the 2015 addressable market for this market is more modest than our other markets, the visibility and exposure of the Alexium name will be very high in this market, which we expect to lead to a much larger 2016 revenue opportunity. In this market, Alexium has:

- produced samples which pass all flame retardant specifications for **two of the largest suppliers to this market**;
- has **developed a sales and marketing agreement with one of those clients**, working to meet passing performance criteria on their production equipment;
- made substantial progress establishing a **manufacturing and supply-chain presence in Asia**;
- estimated the 2015 revenue opportunity for Alexium in outdoor fabrics at **US\$3.0M**.

For more information visit: www.alexiuminternational.com

U.S Contacts:

Nick Clark
Chief Executive Officer
nclark@alexiuminternational.com.
au
U.S.: +1 864.991.6687

Julie Patrick
Marketing & PR Specialist
jpatrick@alexiuminternational.com
U.S.: +1 864.908.6793

U.S. R&D Center:

8 Distribution Court
Greer, SC 29650
T: +1 864.416.1060
F: +1 864.752.6465

U.S. Corporate Office:

148 Milestone Way
Greenville, SC 29615
T: +1 864.603.1165
F: +1 864.752.6465

Europe/Australia:

Gavin Rezos
Executive Chairman
grezos@alexiuminternational.com.au
UK: +44 7447.560.303
AUS: +61 412.898.235

ABN: 91 064 820 408
ASX: AJX

About Alexium

Alexium International Group Limited (ASX: AJX, AX:AJX OTC QX: AXXIY) holds proprietary patent applications for a process developed initially by the U.S. Department of Defense, which allows for the surface modification and attachment of nano-particles or multiple chemical functional groups to surfaces or substrates to provide functions such as fire retardancy, water proofing, oil proofing, and anti-microbial treatments. Applications under development include but are not limited to textiles, paints, and packaging, glass and building materials. Alexium's fire retardant chemical treatment are currently marketed for different fabric markets under the Ascalon™, Nycolon™, Nuvalon™, and Polytron™, Omnitron™ and Bactron™ trademarks.



Corporate Headquarters, Alexium International Group Limited,