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Catalyst Type: Successful Resolution of Litigation

AXION International Holdings, Inc. (OTCQB: AXIH)



Catalyst Corner wants to alert you to a recently announced catalyst for our featured company AXION

On May 17, 2013, AXION announced that it has received approximately \$3,100,000 from the settlement of a lawsuit. The press release detailing the resolution of the litigation can be found [here](#). We believe this cash infusion is an important positive catalyst for the development of AXION as this cash will address current funding needs and reduce the prospect of a dilutive equity offering. Furthermore, AXION has designated these proceeds for working capital purposes to fund operations and growth.

Market Opportunity: Infrastructure Spending

According to a study performed by [Lucintel](#), a transportation industry management consultant, spending on global infrastructure projects is expected to reach [\\$3.3 trillion](#) by 2017.

AXION is uniquely positioned to capture a portion of this spending as AXION's products fulfill green technology initiatives and have already been accepted and used in infrastructure projects on six different continents.

Deteriorating infrastructure in the United States can serve as a further positive catalyst for AXION. Product lines such as ECOTRAX® Composite Railroad Ties & STRUXURE® Composite Infrastructure will compete for an estimated \$20 billion a year in CAPEX spending commitments made by the nation's rail operators as they upgrade and replace existing rail lines.

Revenue Opportunity: New Contract Wins

AXION is making progress on new sales opportunities [announcing today \(5/22/13\)](#) a purchase order from [Edmonton Light Rail Transit](#) for ECOTRAX specialty rail ties. AXION also recently announced a [distribution agreement](#) with Superior Energy Resources (NYSE: SPN) in the \$500 million construction mat market which is a subset of the \$147 billion U.S. non-building construction market.

AXION [guides](#) to \$45 million in current sales opportunities for ECOTRAX® and STRUXURE®. This consists of 68 active opportunities with 52 potential customers.

For 2013, AXION has announced a sales backlog of \$5.3 million which is an amount equal to 2012 revenues.

The \$5.3 million backlog is shippable in 2013 and comprised of purchase orders plus multi-year delivery contracts.

Financial Highlights: Leverage to the Upside

AXION's current sales opportunities for 2013 are approximately 9x 2012 revenues as well as 9x the 2013 sales backlog. As detailed below, AXION capturing only a small percentage of the new sales opportunities has a meaningful effect on revenue.

	<u>2013E</u>	<u>2013E</u>	<u>2013E</u>	<u>2013E</u>	<u>2013E</u>	<u>2013E</u>	<u>2013E</u>
2013 Sales Backlog (\$mm)	\$5.30	\$5.30	\$5.30	\$5.30	\$5.30	\$5.30	\$5.30
% of \$45mm New Sales Opportunities Captured	10%	15%	25%	50%	67%	75%	100%
Projected 2013 Sales (\$mm)	\$9.80	\$12.05	\$16.55	\$27.80	\$35.45	\$39.05	\$50.30
% sales increase from 2012	84.91 %	127.36 %	212.26 %	424.53 %	568.87 %	636.79 %	849.06 %
Implied EV/Sales*	2.82 x	2.29 x	1.67 x	0.99 x	0.78 x	0.71 x	0.55 x

*Enterprise Value (EV) is based on stock price of \$0.60 on 5/21/13 and 29.6mm shares outstanding and \$9.8 million of net debt

AXION currently trades at approximately 5x EV/ 2012 Sales. The table below calculates the implied AXION share price and difference vs. current share price assuming the multiple remains the same and incremental sales are realized.

Projected 2013 Sales (\$mm)	\$9.80	\$12.05	\$16.55	\$27.80	\$35.45	\$39.05	\$50.30
2012 Sales Multiple	5.00 x	5.00 x	5.00 x	5.00 x	5.00 x	5.00 x	5.00 x
Implied Price Per Share	\$1.32	\$1.70	\$2.46	\$4.36	\$5.65	\$6.26	\$8.16
% increase over current price	120.43 %	183.76 %	310.44 %	627.12 %	842.46 %	943.80 %	1260.48 %

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