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ECONOMY BLUNTS NANOTECH'S GROWTH

Declining growth in downstream markets slows projected growth for nanomaterials, reports Lux Research

Boston, MA – June 24, 2009 – All boats fall in an ebbing tide, and nanotech's ship is no different. As the economic downturn drains demand in several nano-enabled product market segments, it is eroding growth along the entire value chain, from nanointermediates to nanomaterials, according to Lux Research's latest report. Total revenues from products incorporating nanotechnology should still reach \$2.5 trillion in 2015, the report states. But that signals a 21% drop from earlier projections.

Lux Research's report, entitled "The Recession's Ripple Effect on Nanotech," cites two separate trends sapping demand in nano-enabled end-markets: reduced production volumes and a slower rate of new technology adoption.

"The recession has hit automotive, construction – and to a smaller degree, electronics -- the hardest," said Jurron Bradley, a Senior Analyst at Lux Research, and the lead author of the report. "But we expect opportunities in healthcare and life sciences to remain largely unscathed, and recover from the recession more quickly."

Executives in large and small companies will find Lux Research's report a strategic resource as they navigate changes along nanotech's value chain. The report also provides insights on where to focus resources for future innovation and collaboration. Lastly, it offers valuable sources for government agencies that direct funding and enact policies to support nanotechnology innovation.

"The Recession's Ripple Effect on Nanotech" goes beyond other analyst studies by examining the recession's impact along the entire nanotech value chain. It comprises intelligence gathered from over 1,000 interviews that Lux Research conducts every year, as well as more targeted interviews with executives from 15 different startups and corporations. Among its key findings:

- **Some nanomaterials and intermediates will struggle more than others.** Among nanomaterials, carbon nanotubes and ceramic nanoparticles will suffer the most due to their broad exposure to automotive and construction. Nanocomposites and coatings will see the biggest declines among nanointermediates.
- **Geographic influences could shift market share.** While the U.S. and Europe will still account for more than two-thirds of emerging nanotech revenue through 2015, expect to see their shares dropping 2-3% each, relative to Lux's previous forecast. Asia/Pacific's revenues should rise by 5% due to its relatively more competitive automotive industry.

- **The economy offers an edge to large corporations, and challenges to start-ups.** The down economy invites well-resourced incumbents to renew and reposition their technology portfolios by snapping up struggling small companies on the cheap. Cash-strapped start-ups, meanwhile, will need to make cash conservation a priority until markets revive.

“Government nanotech initiatives will also need to change tack in order to sustain anticipated payback in jobs and GDP growth,” said Bradley. “Rather than tax credits, they’ll need to offer more creative incentives like R&D grants to help struggling start-ups survive the recession.”

“The Recession's Ripple Effect on Nanotech” is part of the Lux Nanomaterials Intelligence service. Clients subscribing to this service receive continuous research on nanotech industry market trends and forecasts, ongoing technology scouting reports and proprietary data points in the weekly Lux Research Nanomaterials Journal and on-demand inquiry with Lux Research Analysts.

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