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## **WINNERS AND LOSERS EMERGE IN NANOINTERMEDIATE STAGE OF NANOTECH VALUE CHAIN**

Intermediate products present the best opportunity to profit in nanotech, says Lux Research, but only some firms can tap it successfully

Boston, MA – September 22, 2009 – Despite a global economic downturn, the market for nanointermediates – intermediate products from coatings to display components enabled by nanomaterials – will grow from \$29 billion this year to \$498 billion in 2015, a 61% compound annual growth rate. However, only a handful of companies are well-positioned to share in that projected growth, and many others will entirely disappear, according to a new report from Lux Research.

The report, titled “The Wizards of Nanointermediates: Assessing Catalysts, Coatings, and Composites on the Lux Innovation Grid,” provides executives and investors with both rigorous analysis and intuitive tools to help distinguish the sector’s potential winners.

“Nanointermediates generate almost twice the net profit margin of other products along nanotech’s value chain, including nanomaterials and nano-enabled end products,” said Jurrion Bradley, a senior analyst at Lux Research and the report’s lead author. “But each category of nanointermediate – catalysts, coatings and composites – includes both entrenched dominant players as well as long-shot companies that may soon find themselves pushed to the brink by the global recession.”

Lux Research’s report draws from over 1,000 primary interviews conducted with executives over the last two years. Based on this data, it ranks nanointermediate suppliers on the Lux Innovation Grid according to how they score in technical value, business execution, and maturity. The result is an insightful but intuitive tool that categorizes companies as dominant, undistinguished, long-shot, or high potential. Among the report’s high-level conclusions:

- **The rush to enter nanointermediates isn’t over.** As large companies overtake the nanomaterials space, start-ups will continue to migrate toward nanointermediates, bringing with them innovative applications of their material platforms. This will spawn premium-priced nanointermediates that, in turn, will preserve the higher net profit margins that nanointermediates currently enjoy over other segments in the nanotech value chain.
- **Energy- and environment-based applications spell big opportunity.** Nanointermediate suppliers are riding a rising wave of opportunity fueled by a convergence of government and venture backing in energy and environmental applications. Nanointermediates captured 30% of the \$2.5 billion that national governments invested in nanotech for renewable energy last year. Likewise, they represented nearly half of the \$1.2 billion pie in nanotech VC funding in 2008. The biggest beneficiaries are developing nanointermediates for energy storage and solar cells, but plenty of growth remains in emerging applications.

- **Nano-coatings lead the charge on growth and new opportunities.** Projected to reach nearly \$20 billion in 2015, coatings are leading the growth in nanointermediates. The space is so diverse it requires further segmentation into inorganic, polymer/hybrid and transparent conductive coatings. Despite the overall groundswell, more crowded, least differentiated segments – like polymer/hybrid coatings – remain prone to a shakeout. Beyond nano-coatings, nanointermediate segments like catalysts face a similar problem.

“The Wizards of Nanointermediates: Assessing Catalysts, Coatings, and Composites on the Lux Innovation Grid” 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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