

Bulls, bears, bonds and a dose of 'Reality'

By Ari Charney - CBS MarketWatch

Nano-nano

Gap shoppers might have noticed piles of neatly folded khakis and button-downs festooned with labels boasting that oil and other stain producing liquids will find no quarter. Specialty fabrics and chemical company Nano-Tex is one of the few nanotech companies offering a product easily understood by the average investor. While most investors still struggle with multiwalled nanotubes, everyone can enjoy the spectacle of wine spills rolling off pant-legs — even if they don't understand the science behind it. Nano-Tex and their breakthrough products has been the subject of glowing reports in recent issues of the Value Line Investment Survey and the Forbes/Wolfe Nanotech Report.

Josh Wolfe, editor of the Forbes/Wolfe Nanotech Report, even believes that the

detergent industry could suffer serious "ripple effects" as Nano-Tex will presumably continue developing apparel-enhancing chemicals in the years to come. "What we'd witness would be a shift in the value chain from chemicals that produce detergent to chemicals that fight the need for detergent in the first place," Wolfe said.

While Nano-Tex may be the most innovative company currently in the textiles industry and one of the most widely visible nanotech companies among consumers, it's not a publicly traded company. Patient investors may have the opportunity in the next year or two, however, to buy shares in a company that is part traditional textiles manufacturer and part nanotech revolutionaire.

Wilbur Ross, the distressed assets financier of his namesake W.L. Ross & Company, recently binged on textiles industry acquisitions such as Burlington Industries and Cone Mills, and has also assumed majority ownership of Nano-Tex. The combined entity is called International Textile Group and will likely remain private while Ross focuses on restructuring and growing the new company. Prior to ITG, Ross famously plunged into the steel industry by form-

ing International Steel Group (ISG) out of the bankrupt remnants of Bethlehem Steel and LTV Steel. He took ISG public in December 2003, less than a year after completing his major acquisitions — a heartening precedent to investors hoping for an IPO from ITG.

Ross remains understandably coy as to when he intends to take ITG public, but such an offering could be the best of both worlds for investors. If Ross is successful in his bid to convince the Bush administration to help the foundering U.S. textiles industry compete against its Chinese counterparts, then Ross will have potentially rejuvenated the old economy part of ITG, Nano-Tex. Gap, Eddie Bauer, and Land's End already feature Nano-Tex enhanced products, and ITG's venerable textiles giants should provide Nano-Tex with the industry contacts and marketing expertise to extend its brand further.

Josh Wolfe has often commented in his newsletter that successful nanotech companies will not just need breakthrough science, but also the ability to produce and market their products on a mass scale. ITG seems to fulfill those parameters in Nano-Tex. ■