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Northern Technologies International Corporation Announces That it is Going Direct in China

NTIC Launches New Wholly-Owned Subsidiary in China and Terminates Previous Joint Venture

MINNEAPOLIS, Jan. 5, 2015 (GLOBE NEWSWIRE) -- Northern Technologies International Corporation (Nasdaq:NTIC) announced today that, effective as of December 31, 2014, its ZERUST® products and services will be sold in China through a newly formed wholly-owned subsidiary, NTIC (Shanghai) Co., Ltd. (NTIC China), and has terminated its previous joint venture relationship in China with Tianjin-Zerust Anticorrosion Co., Ltd.

"NTIC now has an opportunity to grow more aggressively in this very important international market. Our new subsidiary is focusing first on transitioning customers of NTIC's former Chinese joint venture to the new entity and then will dedicate its efforts towards aggressively expanding our market presence," said G. Patrick Lynch, President and Chief Executive Officer of NTIC.

NTIC indirectly had a 30% ownership interest in its former Chinese joint venture through its 60% owned holding company subsidiary, NTI Asean LLC. Commencing during the second quarter of fiscal 2015, NTIC's consolidated financial statements will include the financial results of NTIC China.

"Our previous Chinese joint venture had net sales of almost \$16 million and operating income before paying royalties to shareholders of over \$5.5 million during fiscal 2014. NTIC's 30% portion of the Chinese joint venture's operating income was over \$1.6 million this past fiscal year, which means that assuming we are successful in transitioning the sales of our former Chinese joint venture to NTIC China, our earnings should significantly increase since NTIC will fully consolidate 100% of the net sales and operating income earned from NTIC China," said G. Patrick Lynch, President and Chief Executive Officer of NTIC.

Additionally, NTIC anticipates that due to the consolidation of NTIC China, NTIC's net sales, costs of goods sold and operating expenses will increase and its equity in income from joint ventures and fee income for services provided to its joint ventures will decrease in future periods compared to the prior fiscal year periods, since NTIC accounted for its investment in the former Chinese joint venture in its financial statements utilizing the equity method of accounting.

NTIC anticipates that it may take some time to transition the previous customers of NTIC's former Chinese joint venture to NTIC China and no assurance can be provided that NTIC China will be able to achieve the net sales and income levels previously achieved by NTIC's former Chinese joint venture. In the meantime, NTIC has incurred start-up expenses, beginning with its first quarter of fiscal 2015, and expects to incur losses at NTIC China as it initiates operations prior to recognizing any revenue. As a result, NTIC expects that its operating results may be volatile over the next few quarters, including in particular its second quarter of fiscal 2015. NTIC does not anticipate at this time that it will have any loss on the liquidation of its ownership interest in its former joint venture in China.

NTIC plans to report its financial results for first quarter of fiscal 2015 and update its fiscal 2015 guidance before the market opens on Wednesday, January 7, 2015, to be followed by its quarterly conference call at 8:00 a.m. Central Time that day.

About Northern Technologies International Corporation

Northern Technologies International Corporation develops and markets proprietary environmentally beneficial products and services in over 60 countries either directly or via a network of majority-owned subsidiaries, joint ventures, independent distributors and agents. NTIC's primary business is corrosion prevention marketed primarily under the ZERUST® brand. NTIC has been selling its proprietary ZERUST® rust and corrosion inhibiting products and services to the automotive, electronics, electrical, mechanical, military and retail consumer markets, for over 40 years, and in recent years has targeted and expanded into the oil and gas industry. NTIC offers worldwide on-site technical consulting for rust and corrosion prevention issues. NTIC's technical service consultants work directly with the end users of NTIC's products to analyze their specific needs and develop systems to meet their technical requirements. NTIC also markets and sells a portfolio of bio-based and biodegradable polymer resin compounds and finished products marketed under the Natur-Tec® brand.

Forward-Looking Statements

Statements contained in this press release that are not historical information are forward-looking statements as defined within

the Private Securities Litigation Reform Act of 1995. Such statements include the potential market opportunity for NTIC's products and services in China; NTIC China's business focus and strategy and ability to obtain significant net sales; NTIC's expectations regarding the volatility of its future operating results; NTIC's expectations regarding its net sales, costs of goods sold, operating expenses, equity in income from joint ventures and fee income for services provided to its joint ventures in future periods compared to the prior fiscal year periods as a result of its decision to terminate its joint venture in China and sell directly through NTIC China; NTIC's expectations regarding whether it will incur a loss on the disposal of its ownership interest in its former joint venture and other statements that can be identified by words such as "anticipates," "expects," "will," "believes," "continues," "intends," "potential," "could," "outlook," "would," "should," "guidance" or words of similar meaning, the use of future dates and any other statements that are not historical facts. Such forward-looking statements are based upon the current beliefs and expectations of NTIC's management and are inherently subject to risks and uncertainties that could cause actual results to differ materially from those projected or implied. Such potential risks and uncertainties include, but are not limited to, in no particular order: the actual market size and opportunity for NTIC's products in China; the ability of NTIC China to capitalize upon such opportunities and achieve significant sales; the effect on NTIC's business and operating results of its decision to terminate its joint venture in China and sell its products and services directly in China; NTIC's dependence on the success of its joint ventures and fees and dividend distributions that NTIC receives from them; NTIC's relationships with its joint ventures and its ability to maintain those relationships; NTIC's dependence on its joint venture in Germany in particular due to its significance and the effect of a termination of this joint venture or NTIC's other joint ventures on NTIC's business and operating results; risks related to the European sovereign debt crisis, economic slowdown and political unrest; risks associated with NTIC's international operations; exposure to fluctuations in foreign currency exchange rates; the health of the U.S. and worldwide economies, including in particular the U.S. automotive industry; the level of growth in NTIC's markets; NTIC's investments in research and development efforts; acceptance of existing and new products; timing of NTIC's receipt of purchase orders under supply contracts; variability in sales to certain customers and the effect on NTIC's quarterly financial results; increased competition; the costs and effects of complying with changes in tax, fiscal, government and other regulatory policies, including rules relating to environmental, health and safety matters; potential litigation and NTIC's reliance on its intellectual property rights and the absence of infringement of the intellectual property rights of others. More detailed information on these and additional factors which could affect NTIC's operating and financial results is described in the company's filings with the Securities and Exchange Commission, including its most recent annual report on Form 10-K. NTIC urges all interested parties to read these reports to gain a better understanding of the many business and other risks that the company faces. Additionally, NTIC undertakes no obligation to publicly release the results of any revisions to these forward-looking statements, which may be made to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events.

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