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**VISION News Consumer Products e-Report**

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**Published by INDA, Association of the Nonwoven Fabrics Industry and organizer of the annual Vision Consumer Products Conference, January 26-29, 2003 in New Orleans, LA.**

**Welcome to Volume 2, No. 4 of the VISION News Consumer Products e-Report.** VISION is sent monthly to executives within the consumer products and nonwovens industries. Vision reviews the news and events of each month in the disposable diaper, adult incontinence, feminine hygiene, household wipes/cleaning products and filtration markets, among other end-uses that utilize nonwoven fabrics.

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## **REGISTRATION FOR VISION 2003 ALREADY AHEAD OF LAST YEAR'S EVENT**

One of the most important events on the industry calendar is finally just around the corner. The much-anticipated Vision 2003 Consumer Products Conference is all set for January 26-29, 2003 in New Orleans, LA.

Pre-registration numbers as of early this week were approaching 400, already surpassing participation numbers for the inaugural Vision Conference last year.

The success of the conference is not surprising, with speakers and moderators from such companies as Procter & Gamble, Kimberly-Clark, 3M and Associated Hygienic Products – companies you rarely hear speak at any industry conference – highlighting the program at Vision 2003.

In addition, Vision 2003 is produced By The Industry ... For The Industry. All revenues generated by the conference are reinvested by INDA, the sponsor of the event, into other industry programs and events.

For information on Vision 2003 or to register, simply log on to [www.inda.org](http://www.inda.org).

### **VISION ATTENDEES WILL SELECT 2003 VISIONARY AWARD RECIPIENT**

The Vision 203 Consumer Products Conference gives its hundreds of attendees a chance to vote on the prestigious 2003 Visionary Award, presented annually by INDA to recognize recently introduced consumer products that utilize nonwoven fabric technology. The seven finalists will discuss their nominated products on the second day of the Conference and the voting will take place that evening, with the awards ceremony to kick off the final morning. The seven finalists:

1. Civilian Quick Escape Mask, FMJ ChemBio, San Diego, CA
2. ThermaSilk Intensive Conditioning Heat-Activated Hair Wrap, Helene Curtis/Unilever, Chicago, IL
3. Huggies Supreme Diapers, Kimberly-Clark, Dallas, TX
4. The Neat Sheet, Kimberly-Clark, Dallas, TX
5. TheraPatch Dermal Patches, LecTec Corporation, Minnetonka, MN
6. ThermaCare, Procter & Gamble, Cincinnati, OH
7. Puro Pleat & Puro Pleat ULTRA, Purolator Air Filtration, Henderson, NC

For more information on the 2003 Visionary Award, contact Project Coordinator Michael Jacobsen, 201-612-6601; [mjacobsen@inda.org](mailto:mjacobsen@inda.org).

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## **INDUSTRY NEWS**

### **P&G MAKES DIAPER PACK COUNT CHANGES**

Citing competitive and bottom-line pressures, Procter & Gamble Baby Care in February will begin reducing the number of diapers in a package and list prices to match similar moves by a "major competitor" who began shipping their lower counts and list prices in October. (Any guesses as to who that competitor might be?) After this February change, P&G says the list price per diaper will be roughly equal to September levels.

In a statement acknowledging the reductions, P&G said "to avoid a misperception of consumer value, during the October through February transition before new pack counts begin shipping, we have made short term investments in our promotion program to maintain a competitive value on Luvs and Pampers. We expect this temporary promotion to last until the new pack counts and list prices begin to ship in February."

### **INTERNATIONAL ABSORBENTS FILES FOR AMEX LISTING**

International Absorbents, a developer and producer of environmentally friendly industrial products, has filed for listing on the American Stock Exchange. The application was sent to AMEX on December 19, 2002. The timing on when a listing decision will be forthcoming has not yet been determined. It is expected that the process could take between 30 and 90 days.

### **BBA ACQUIRES SPUNBOND ASSETS OF SUPERIOR NONWOVENS**

BBA Nonwovens recently acquired the assets of Superior Nonwovens, a manufacturer of spunbonded polyester nonwovens based in Gray Court, SC. As part of the acquisition, BBA Nonwovens acquired a 3.2 meter wide spunbond line designed to produce both point-bond and area-bond spunbond polyester products.

Commenting on the acquisition, Ross McMillan, CEO of BBA Materials Technology Group, said: "This acquisition addresses our continued growing need for spunbond polyester capacity and further demonstrates our long-term commitment to this important nonwovens technology as well as to the growth of our business in strategic areas. In addition to adding capacity to our core Reemay polyester technology, this asset adds point-bond spunbond polyester materials to our product portfolio."

This acquisition follows the announcement in 2002 of the expansion in spunlace capacity at BBA's Bethune, SC facility, expected to come on-stream in the first quarter of this year.

### **K-C SETTLES LAWSUIT WITH SUBSIDIARY**

Kimberly-Clark says a subsidiary and some of the unit's former executives and directors have agreed to pay \$55 million to settle two shareholder lawsuits. The company said late last month that the wholly owned subsidiary, Safeskin Corp., did not admit wrongdoing in the settlement. Kimberly-Clark acquired Safeskin, a manufacturer of disposable latex gloves and related products, in February 2000. The lawsuits related to events that occurred before the acquisition, the company said.

### **FORMER PARAGON CHAIRMAN NAMED TO POTLATCH BOARD**

Potlatch Corporation, an integrated forestry products company, last month elected Michael Riordan to its board of directors. Riordan was most recently chairman, CEO and president of Paragon Trade Brands, a manufacturer of private label disposable diapers and related products, prior to Paragon's acquisition by Tyco Healthcare in early 2002. From 1997 to 1998, Riordan was president and COO of Fort James.

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### **INTERNATIONAL NEWS**

#### **AUSTRALIAN DIAPER COMPANY ACQUIRED BY EQUITY INVESTMENT FIRM**

Castle Harlan, a New York-based private-equity investment firm, has purchased Australian Pacific Paper Products (APPP) from DSG International Limited in a transaction valued at A\$53 million. APPP, based in Melbourne, was founded in 1988 and is Australia's second largest manufacturer and distributor of disposable diapers and adult incontinence products with annual sales of A\$100 million. It employs approximately 225 people and produces more than 300 million branded and private-label diapers a year.

#### **BELGIAN DIAPER MAKER ACQUIRED BY UK INVESTMENT FIRM**

The European Union Commission late last month approved the EUR800 million acquisition by U.K.-based investment company Candover Investments of Belgian diaper and hygiene products manufacturer Ontex NV. Ontex makes white brand diapers that compete against Kimberly's Huggies and P& G's Pampers.

In recent years, Ontex has expanded rapidly through acquisitions, but its debt has soared to EUR269 million and the company needed financing. CEO Bart Van Malderen and the management team will remain and continue to hold a 10% stake. In addition, Van Malderen will retain 23% of the new company, which will retain the Ontex name.

## **MILI MAKING RUN AT K-C IN BRAZIL**

The only 100% Brazilian diaper producer, Mili, saw its market share increase over the past years, from 4.8% in 1999 to 16.2% in 2002 according to AC Nielsen. The company tied for market leadership with Kimberly-Clark, which in Brazil operates in a joint venture with Klabin.

For 2003, Mili forecasts a growth of 30%-50% on the sales of diapers, following its entrance in Sao Paulo, one of the largest markets in Brazil. Mili says it may benefit from the 15% IPI tax on the diapers that was recently suspended by the government. The Brazilian disposable diapers market boasts 128 plants, but penetration remains low at 30%. Mili focuses on the lower classes, while K-C focuses on the upper end of the market.

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## **IN THE PRESS ...**

### **K-C FIRES BACK IN THE DIAPER WARS**

**From the Dallas Morning News, December 12, 2002**

It's war between Huggies and Pampers. Kimberly-Clark will have to respond aggressively next year to increase sales of its disposable diapers, which have lost market share to Procter & Gamble's re-launched Pampers brand, Kimberly-Clark Chief Executive Tom Falk said.

At the same time, Mr. Falk said, the company has to cut costs. "We have to succeed on both of these fronts to overcome the effects of promotional spending by our key competitors and the coming increase in pension expense," he said in a conference call with analysts during which the company said it would miss fourth-quarter earnings estimates by up to 12 cents.

Kimberly-Clark blamed the results on the competition from Procter & Gamble and weak sales in Latin America and Asia. Earnings in the first quarter of 2003 also are expected to be lower than in 2002.

The biggest challenge comes from Procter & Gamble, which launched a campaign to steal market share in diapers and training pants from K-C. Procter & Gamble re-launched its Pampers diapers this year and introduced Easy-Ups to compete with Huggies Pull-Ups. "Competitive spending in these businesses has intensified beyond our previous expectations," Mr. Falk said.

Kimberly-Clark responded by reducing package size and price in an effort to increase profit per diaper. Company officials had expected the move -- which priced Huggies about 18% below Pampers -- to give them a marketing advantage.

Procter & Gamble, however, began advertising Pampers as a better deal.

"I had to wake up one Sunday morning to a half-page, full-color ad that explained why Pampers had more diapers in a bag than Huggies and had a coupon for \$2.50 for Pampers and Easy-Ups to go confirm that," Mr. Falk said. "The level of response has been unprecedented and really unthinkable."

Analysts said Wednesday that level of promotional activity is likely to slow by the end of February, when Procter & Gamble also plans to reduce its package size and price. (see item above)

## **ADULT REUSEABLE DIAPERS GOOD FOR SENIORS**

From an Associated Report article, December 26, 2002:

Peggy Lu Fay spent years visiting nursing homes, where she met many patients who were forced to leave their homes for only one reason: Their loved ones simply couldn't handle caring for them after they became incontinent.

It was a heartbreaking scenario that led Fay to search for a way to help. She started selling adult reusable diapers that were cheap, environmentally friendly and custom made to make it easier for caretakers.

Santa Cruz County awarded Fay a \$20,000 grant last January to manufacture her own cloth diapers, complete with a laundering service. Inside the nondescript green warehouse that doubles as a showroom, she has an array of fabrics, prints and sizes to fit everyone, including babies.

Von Wilmot discovered Fay's Life Styles Emporium and asked her to design something that would comfortably fit her husband's large size and absorb nighttime accidents. The couple came in for a fitting, and after a few alterations ended up with a personally designed cloth diaper complete with thick layers that fold together to form several inches of padding.

Saving waste is really the reason Santa Cruz County got involved. A fully incontinent adult contributes about a ton of waste to the landfill each year, said Jeffrey Smedberg, the county's Recycling Programs Coordinator. "We had a lot to learn about adult diapers, and, in a sense, they may be even more of an impact on landfills than baby diapers. (Baby diapers are) smaller and people outgrow them fairly quickly," he said. "Once people need to start using (adult diapers) it could be years and years and they're still using them."

The concept is catching on elsewhere. In November, officials in Santa Clarita announced a six-month pilot project that will involve 500 families putting disposable baby diapers on the curb to be recycled.

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## PATENT REVIEW

### **Anti-bacterial composition and use thereof for skin care and fabric treatment**

Assignee: Sintal International, Inc

Abstract: This invention relates to a water-based composition having at least one of anti-bacterial or anti-fungal properties and use thereof for skin care and for fabric treatment. The composition is not only effective as an anti-bacterial and/or anti-fungal material when included in a skin care gel or lotion for topical use, such as in a sun screen composition, or in conjunction with sanitary elastic gloves as a coating therein, it is gentle to the user's skin and may include constituents which advantageously indicate its presence. The composition is not only effective as an anti-bacterial and/or anti-fungal material when used as a liquid to treat fabric employed for personal hygiene aids including disposable diapers for children and adults, sanitary napkins, and wipes, it is gentle to the skin and may be formulated to provide odor control. Users include humans and animals.

Patent Number: 6488948; Issue Date: 2002 12 03; Inventor: Danieli, Jacob

### **Antimicrobial wipes which provide improved immediate germ reduction**

Assignee: Procter & Gamble

Abstract: The present invention relates to an antimicrobial wipe effective against Gram positive bacteria, Gram negative bacteria, fungi, yeasts, molds, and viruses comprising a porous or absorbent sheet impregnated with an antimicrobial cleansing composition, wherein the antimicrobial cleansing composition comprises from about 0.001% to about 5.0%, by weight of the antimicrobial cleansing composition, of an antimicrobial active; from about 0.05% to about 10%, by weight of the antimicrobial cleansing composition, of an anionic surfactant; from about 0.1% to about 10%, by weight of the antimicrobial cleansing composition, of a proton donating agent; and from about 3% to about 99.85%, by weight of the antimicrobial cleansing composition, water; wherein the composition is adjusted to a pH of from about 3.0 to about 6.0; wherein the antimicrobial cleansing composition an One-wash Immediate Germ Reduction Index of greater than about 1.3; and wherein the rinse-off antimicrobial cleansing composition has a Mildness Index of greater than 0.3. The present invention also relates to methods for removing germs from the skin using the antimicrobial wipes described herein.

Patent Number: 6488943; Issue Date: 2002 12 03; Inventors: Beerse, Peter William; Morgan, Jeffrey Michael; Baier, Kathleen Grieshop; Schuette, Theresa Anne Bakken; Cen, Raymond Wei

### **Anti-bacterial composition and use thereof for skin care and fabric treatment**

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Abstract: This invention relates to a water-based composition having at least one of anti-bacterial or anti-fungal properties and use thereof for skin care and for fabric treatment. The composition is not only effective as an anti-bacterial and/or anti-fungal material when included in a skin care gel or lotion for topical use, such as in a sun screen composition, or in conjunction with sanitary elastic gloves as a coating therein, it is gentle to the user's skin and may include constituents which advantageously indicate its presence. The composition is not only effective as an anti-bacterial and/or anti-fungal material when used as a liquid to treat fabric employed for personal hygiene aids including disposable diapers for children and adults, sanitary napkins, and wipes, it is

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Patent Number: 6488948; Issue Date: 2002 12 03; Inventors: Danieli, Jacob

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**THAT'S ALL FOR THIS MONTH**

The next issue of the Vision Consumer Products e-Report from INDA will be sent February 10. In the meantime, feel free to contact editor Michael Jacobsen at 201-612-6601 or email at [mjacobsen@inda.org](mailto:mjacobsen@inda.org).

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