



July 12, 2004

VISION News Consumer Products e-Report

Published by INDA, Association of the Nonwoven Fabrics Industry and organizer of the annual Vision Consumer Products Conference.

Welcome to Volume 3, No. 9 of the VISION News Consumer Products e-Report.

The VISION News Consumer Products e-Report is written and distributed monthly for 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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VISIONARY AWARD NOMINATIONS STREAMING IN

Nominations for products to be considered for the 2005 Visionary Award are streaming in to the INDA offices over the summer as companies from around the world want to be a part of this prestigious competition.

The Visionary Award, sponsored by INDA, is presented annually at the association's Vision Consumer Products Conference to a new consumer product that utilizes nonwovens fabrics in its manufacturing process. Past recipients include Procter & Gamble's Swiffer and the Brillo Scrub 'n Toss from Church & Dwight.

Nominations for the 2005 Visionary Award are being accepted until September 1. Product descriptions should be sent to Michael Jacobsen, INDA, at mjacobsen@inda.org. Products must have been introduced to the trade or consumer market in 2003-2004. Companies may nominate their own products.

All nominated products will be reviewed by an industry selection committee and five finalists will be announced in the fall. These finalists will then make presentations on their products at Vision 2005, scheduled for January 16-19, 2005 at the beautiful Sheraton New Orleans Hotel. Vision 2005 attendees will then vote on the recipient of the 2005 Visionary Award.

For more on the Vision 2005 Consumer Products Conference, log on to www.inda.org

P&G IN DEAL WITH AMANTEA NONWOVENS

Procter & Gamble recently signed an 18-month, \$30 million contract with Amantea Nonwovens, a minority-owned maker of specialty nonwoven materials. Under the agreement, Cincinnati-based Amantea will provide nonwoven materials to P&G's North American diapers and global tampon business through a distribution agreement with BBA Fiberweb. Amantea will be responsible for the logistics part of the contract, while BBA Fiberweb will continue to manufacture the material for the next 18 months.

Then during that 18-month period, Amantea will work to build up its own capacity to manufacture the materials for P&G. A longer-term supply agreement is being worked out that includes plans for a new plant in Ohio, P&G said.

There are also some significant government incentives involved in the timing of this project. Last month, Amantea's project received a direct loan in the amount of \$2 million with a 3.5% interest rate over a 10-year term from the state of Ohio. Amantea also received a \$3.5 million Ohio Enterprise Bond at an interest rate of 4.7% over a 10-year term. And, the Ohio Tax Credit Authority approved a 60% tax credit over a five-year term. The credit is valued at \$132,000. Amantea is expected to invest \$6.4 million in land and a building.

"This agreement between majority companies P&G and BBA will enable Amantea to be the first African American-owned company in this industry," said Amantea CEO Kevin Lynch in announcing the arrangement.

"Getting a minority-owned supplier into nonwovens has been one of our key priorities over the past year," added Camille Chammas, director of P&G's Global Baby Care Purchases organization. P&G has a goal of \$1.5 billion in annual minority business spending by July 2005.

K-C DISCLOSES DETAILS ON UNIT SPIN-OFF

Kimberly-Clark recently unveiled further details about its previously announced plan to spin off Neenah Paper, the company's fine paper business; Technical Paper, its specialty paper business; and its pulp and timber operations in Canada. The spin-off will create a new publicly traded company called Neenah Paper, Inc., with businesses that had net sales of approximately \$665 million in 2003.

The spin-off will take the form of a tax-free distribution of 100% of the new company's common stock to Kimberly-Clark shareholders. The distribution is expected to be completed late in the third quarter or early in the fourth quarter.

“The spin-off will enable us to concentrate on our core businesses and drive further improvements in our return on invested capital, consistent with our Global Business Plan,” said Thomas Falk, Chairman and CEO of Kimberly-Clark.

Heading the new unit will be Sean Erwin, who has held numerous senior positions in Kimberly-Clark's pulp and paper business, as CEO. Erwin joined Kimberly-Clark in 1978 and has also managed its consumer products and nonwovens businesses.

One of the interesting facets of the spin-off is that Kimberly-Clark will become one of the new company's largest customers through a long-term pulp supply agreement. Following the spin-off, Kimberly-Clark will produce about 10% of its worldwide virgin fiber requirements, which is consistent with its previously stated plan of reducing its pulp integration.

DOW UNVEILS NEW HOT MELT ADHESIVES LINE

Dow Chemical recently announced the commercial launch of Affinity GA Polyolefin Plastomers (POPs), a line of polyolefin polymers. Developed using Dow's proprietary INSITE Technology and Solution Process, Affinity GA POPs are the first products of their kind specifically developed for hot melt adhesive formulations and a range of polymer modification applications.

Affinity GA POPs are characterized by novel chemistry that combines high flow and low crystallinity, a combination designed to deliver a new level of performance, processing and economic value to compounders, processors, and hot melt adhesive formulators. Dow is currently offering commercial quantities of two AFFINITY GA POPs products.

Target markets include packaging (case and carton sealing), disposable nonwovens (adult and infant hygiene products), and graphic arts (bookbinding).

LYSAC RECEIVES NEW FINANCING

Lysac Group announced recently that the Solidarity Fund QFL, Desjardins Venture Capital, the Société générale de financement du Québec (SGF) and the National Research Council of Canada (NRC) have together invested a total of \$5 million in the company. Founded in 1998, Lysac Group focuses on fine chemicals, conducting research, development and international commercialization activities related to superabsorbent polymers.

These new funds will be used to complete the development and industrial scale-up of a new superabsorbent intended for markets such as baby diapers and adult incontinence products. The company engages in commercial development activities and is a pioneer in the field of non-abrasive absorbent polymers made of natural materials from renewable resources. SNAPs (Safe and Natural Absorbent Polymers) were developed as an alternative to petrochemical-based superabsorbents.

PAPER PROFILES TRANSITION AT DUPONT OLD HICKORY PLANT

Excerpted from *The Tennessean*: Transitions aren't new to the sprawling 800-acre facility on the banks of the Cumberland River. Since it opened in 1918 as a gunpowder factory, 15 of the 19 products the plant has manufactured have come and gone. As one product line shuts down, another steps up and takes its place.

"That's been my experience since I came to work here in 1965," said Vencen Horsley, president of Old Hickory Employees Council Local 593, one of two unions representing workers at the plant. When cellophane production ceased in 1964, production of Corfam, an artificial shoe leather, took its place.

When Corfam proved to be unpopular with consumers, Sontara filled the gap in the early 1970s.

This time, the company is ending production of dimethyl terephthalate, or DMT, one of the building blocks of polyester. But it is increasing production of a new line of nonwoven fabrics that show promise in disposable medical gowns.

The demise of one product and the introduction of something new are parts of the constant evolution of the Wilmington, Del.-based company as it moves its focus from that of a chemical manufacturer to a "science company."

DuPont is in the middle of a restructuring that will eliminate about 3,500 jobs worldwide in an effort to save \$900 million. The company is refocusing its efforts on new technologies, such as a program that will use corn to produce synthetic fabric as part of a joint venture at a new plant to be built near Knoxville next year.

The nonwoven product line takes on a larger significance for Old Hickory with the demise of DMT. The plant has produced Sontara since 1973. The material is called nonwoven because it is a tangle of fibers rather than the orderly rows of threads found in woven fabrics. High-pressure water jets bond the tangled fibers, producing a material that has been popular in hospital gowns, industrial wipes and dryer sheets.

A new nonwoven fabric has been developed that produces a more comfortable cloth that can be used in medical garb, such as surgical gowns.

"The key word is flexibility," said Carl Lukach, global business director for the company's nonwoven brand who is based in Old Hickory.

The company has more than 30 different resins in its tool kit that can be used to customize the fabric's functions, providing more absorbency for industrial towels and better repellent action from blood in the operating room, Lukach said.

The new fabric will be produced in the Advanced Composite Technology facility that was built last year in the shadows of the DMT plant. The company is adding two shifts to the new plant, and that has helped it offset the job cuts required by the DMT plant's demise.

Of the 145 people whose jobs were affected by the DMT plant closure, there were only six involuntary layoffs. All of the DMT plant's hourly workers were able to retire at full benefits or found jobs at the new plant.

AHP DE-EMPHASIZING ADULT INCONTINENCE PRODUCTS

From *Nonwovens Markets* newsletter: Associated Hygienic Products will close its Oconto Falls, WI adult diaper plant in August. Between 80 and 85 employees will be laid off and the 165,000-square-foot facility will be sold. Some of the plant's equipment will also be sold and some will be moved to other AHP plants in the U.S., CEO George Jackson said.

“This decision is part of our strategy that will de-emphasize the institutional market sector of our U.S. adult business. In the future, AHP will continue to focus on and build its successful business in the retail market sectors of disposable baby diapers, training pants and adult incontinence products,” the company said in an announcement.

Separately, AHP said it reopened its Duluth, GA distribution facility. The 235,000-square-foot building, which includes the company's headquarters, will serve the Southeast. About six people were hired to man the warehouse. The company also maintains distribution facilities in Vancouver, Washington and Marion, Ohio.

That's ALL FOR THIS MONTH

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

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