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VISION News Consumer Products e-Report

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Welcome to Volume 3, No. 5 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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BREAKING NEWS

DIAPERS, DUSTERS AND WIPES AMONG FINALISTS FOR IDEA04 ACHIEVEMENT AWARDS

Three consumer products are among the 15 finalists in five separate categories that have been chosen for the prestigious IDEA04 Achievement Awards. The finalists can be voted on at www.nonwovens-industry.com or www.inda.org and the winners will be announced during the IDEA04 International Engineered Fabrics Conference and Exposition in Miami Beach, Fla., April 27-29. Deadline for voting is April 1.

Designed to recognize new product introductions in nonwovens and engineered fabrics since IDEA01 in 2001, the IDEA04 Achievement Awards are co-sponsored by Nonwovens Industry magazine and INDA, the organizer of the triennial IDEA04 International Engineered Fabrics Conference and Exposition.

The IDEA04 Achievement Awards will be presented in five categories – Raw Materials/Fibers, Roll Goods, Machinery/Equipment, End Use-Short Life, End Use-Long Life. Nominations were accepted in these five categories throughout late 2003 and last month a selection committee chose three finalists in each category. The three finalists in the five categories are:

End Use-Short Life

Kimberly-Clark: Huggies Convertibles Diaper-Pants
Procter & Gamble/Unicharm: Swiffer Dusters
Unilever: Dove Essential Nutrients Cleansing Pillows

End Use-Long Life

3M: Filtrete Ultra Home Furnace Filter
BBA Fiberweb: Typar House Wrap
Cuno: DuoFlo Filter Element

Raw Materials

FiberVisions: Fine Fibers
H.B. Fuller: HydroLock
Xtreme Fibers: Short cut Hyflon MFA

Roll Goods

Ahlstrom: Cytosep PS 2
DelStar: DelPore Filter Media
Dupont: Suprel

Machinery/Equipment

Amotek: Amotek FB Flow Bagger
Fleissner: Aqua-Jet with Oscillating Jets
Sonobond Ultrasonics: RingMaster

For more information on the IDEA04 Achievement Awards, go to www.nonwovens-industry.com or www.inda.org . Contact project coordinator Michael Jacobsen at 201-612-6601; [mjacobson@inda.org](mailto:mjacobsen@inda.org) with any questions.

To register for IDEA04 visit: www.inda.org or www.idea04.com .

INDUSTRY NEWS

SCA MOVING U.S. HEADQUARTERS TO PHILADELPHIA SITE

Swedish hygiene giant SCA has signed a long-term lease agreement for 75,000 square feet at Cira Centre, a planned landmark 28-story office tower located adjacent to Amtrak's 30th Street Station in the University City District of Philadelphia. SCA, a \$12 billion Swedish company that offers hygiene products, packaging solutions and publication papers, is relocating its North American headquarters offices from Eddystone, Pennsylvania.

"SCA was looking to relocate its North American headquarters to a facility that is appropriate for a world-class company," said Colin Williams, president, SCA North America. "We believe the Cira Centre makes the right statement about our company. In addition, SCA will continue to grow in this region as well as expand its market presence throughout North America." In the Philadelphia region, SCA currently employs 100 people.

TUFKO REBOUNDS FROM LOSS OF BIG CUSTOMER

Tufco Technologies, Green Bay, WI, lost business from a key customer last year, and it made the highlight reel for the company's annual shareholder meeting this week. Tufco, the Green Bay-based maker of disposable wet wipes for major consumer products companies, reported further progress in its transformation from a mass converter of commodity tissue paper. In the last year, no event tested the company's new approach as much as a customer's decision not to renew a production contract.

In August, Tufco reported that one of its chief customers, whose identity Tufco won't disclose, decided to move the production away from Tufco and into its own plant. By December, Tufco had found more than enough business to replace the work it was losing. In fact, to accommodate new projects, it is in the process of a \$3.6 million expansion, including the addition of 76 employees.

"We don't lose a customer. We may have a project move out, but we don't view it as a negative," Lou LeCalsey, Tufco's president and CEO, said after the company's annual meeting at the American Club. "If you do well for them, they will ultimately come back, and we've seen that."

Tufco's determination to form long-term partnerships with its customers includes an agreement that it won't make private-label versions of the products it manufactures for customers. That's a practice LeCalsey often saw when he was on the other end of the deal, as an executive for the former Scott Paper. Private-label production lets the manufacturer use up excess capacity and

generate additional revenue, LeCalsey said. "We will not sell against our customers," however, LeCalsey told a shareholder.

LeCalsey called last year "a year of final transition" for Tufco, which has gone from five businesses and five sites in 1997 to two businesses and two sites today. Besides specialty converting and printing services in Green Bay, Tufco makes rolls for cash register receipts in Newton, N.C.

For its fiscal year, which ended Sept. 30, Tufco reported sales of \$55.2 million, up 9.5% from the year before, and earnings of \$779,000, up from net losses previously.

GEORGIA-PACIFIC AND KOCH COMPLETE PULP SALE

Georgia-Pacific and Koch Cellulose, LLC, recently announced they have reached a definitive agreement on the previously announced sale of Georgia-Pacific's non-integrated fluff and market pulp operations to the Koch subsidiary for \$610 million. Included in the sale, which is expected to close early in the second quarter, are Georgia-Pacific's pulp mills at Brunswick, Ga., and New Augusta, Miss., a short-line railroad servicing the New Augusta mill and the assets of two international sales offices. W. Wes Jones, currently president-pulp for Georgia-Pacific, has accepted the position of president of Koch Cellulose, pending completion of the sale.

P&G RAISING PRICES ON TISSUES THIS SUMMER

Although the news didn't come out of its nonwovens-related businesses, word that Procter & Gamble will raise tissue prices this summer to make up for rising pulp and energy prices has far-reaching impact. The 5 to 6% price increases will come in the form of higher list prices and fewer promotional coupons, Clayton Daley, chief financial officer, said at an analyst conference.

P&G had lowered prices via higher promotional spending over the past two years when pulp prices fell. That put pressure on Kimberly-Clark because it produces more of its own pulp, a key raw material for paper products, than P&G. As a result, Kimberly-Clark's costs did not fall as much as P&G when pulp prices fell. K-C and other competitors like Playtex Products have in the past year blamed aggressive promotional spending spurred by P&G for cutting into their profits.

K-C CONSIDERING SPINNING OFF PAPER BUSINESS

In what could be viewed as related industry news, Kimberly-Clark has floated the idea of possibly spinning off its Neenah Paper and Technical Paper businesses along with pulp and timber assets in Pictou, Nova Scotia, and Terrace Bay, OT, Canada. The spin-off would create a publicly traded pulp and paper company with about \$650 million in annual sales and would allow K-C to focus on its core businesses of consumer tissue and personal care.

REPORT SAYS WIPES WILL HELP GROW HOUSEHOLD BUSINESS

The increasing availability and acceptance of disposable household wipes will help demand for household cleaning chemicals in the U.S. grow 2.5% a year to \$4.6 billion in 2007, according to a new report from the Freedonia Group, a market research tracker. The company says that advances will be led by the introduction of new products that convince consumers to clean differently or accomplish cleaning chores more quickly and easily, such as nonwoven wipes, where demand is expected to double by 2012.

IN THE MEDIA ... PRIVATE LABEL BRANDS DRIVE DOWN DIAPER PRICES

(From Knight-Ridder/Tribune Business News, 2/24/04) Nothing beats stiff competition to keep prices in check. Which explains why diapers cost less than they did four years ago.

Pampers and Huggies continue to dominate the disposable diaper market, but they also battle second-tier brands as well as each other and private-label store brands. Even better from a shopper's standpoint, the competition in the \$19 billion global diaper market extends beyond brands to retailers, with supermarkets, drugstores, and discount warehouses fighting for market share.

That's great, said Alia Ilahi of Teaneck. She usually buys Huggies for her 14-month-old daughter at Costco, but switches to CVS private-label diapers when the drugstore chain has a buy-one, get-one-free promotion. "I go for the price," Ilahi said.

With so much at stake, Procter & Gamble and Kimberly-Clark are spending heavily to promote their brands. And when they make any gains in market share, it's big news on Wall Street. With P&G aggressively cutting the price of Pampers, Huggies had been losing market share. But Kimberly-Clark used similar strategies to raise sales nearly 3% in North America in the fourth quarter, and to raise Huggies' share of the market to 38.7% from 38.1%, according to A.C. Nielsen.

Pampers remained flat at 32% last year, and Luvs grew from 11.5% to 13%, with private-label brands capturing most of the rest of the market. The Nielsen survey does not include sales at Wal-Mart Stores Inc. or club stores such as Costco -- both major sellers of disposable diapers. But the numbers show how tight the competition is.

SCA ACQUIRES DRYPERS IN MALAYSIA

Swedish hygiene products producer Svenska Cellulosa Aktiebolaget SCA (SCA) has acquired the Malaysia-based baby diaper company Drypers. Drypers is the market leader in baby diapers in Malaysia and Singapore, and also has a strong presence in Thailand and the Philippines. SCA said that the deal will enable it to secure synergy gains through concentrating the region's production of incontinence products to the Philippines. "The acquired company could also form a future platform for an introduction of feminine hygiene products in the area," SCA said.

DIAPER PATENT REVIEW

Absorbent Cores For Absorbent Articles Having Reduced Thickness

Pub. Number WO 2004018007

Appl. Data US 03026599 2003 08 25

Applicant: Procter & Gamble

Inventors: SCHOENBORN, Udo, Friedel; EHRNSPERGER, Bruno, Johannes

Abstract The present invention relates to absorbent cores for absorbent articles, which are intended to receive and retain bodily discharges such as urine. Such articles are disposable hygiene articles like baby diapers, training pants, adult incontinence articles, feminine care articles and the like. The improvement essentially is based on the recognition that replacing most or all of the cushioning fibrous absorbent material in an absorbent core by a liquid storage material capable of retaining liquid while maintaining or improving acquisition behavior is desirable as the reduction in cushioning is more than compensated by the gain in comfort. The comfort however can only be achieved if the more fundamental requirements of a diaper in respect to liquid handling are satisfied or improved. Especially if this liquid handling performance is improved beyond the performance of conventional absorbent structures in order to allow creation of thinner and drier absorbent articles, the users of such articles would experience them as providing a more than expected comfort improvement relative to the thinness gain. To provide such absorbent cores and articles made therewith only became possible with the development of new highly absorbent gel materials capable to acquire, conduct, and store liquids in here-to-forth unexpected perfection at super absorbent polymer concentrations, which are unknown today. The second

aspect allowing this breakthrough development is the ability to maintain the comfort and performance of such high super absorbent polymer concentration articles during the full usage cycle of the article, from dry to fully loaded, especially by improving the ability of the cores to withstand the forces experienced by such articles during use. This ability to remain intact is also often referred to as wet integrity of the core and its improvement is an important objective of the present invention.

THAT'S ALL FOR THIS MONTH

The next issue of the Vision Consumer Products e-Report from INDA will be sent April 12, and will contain a recap of the Vision 2004 Consumer Products Conference. In the meantime, feel free to contact editor Michael Jacobsen at 201-612-6601 or email at [mjacobson@inda.org](mailto:mjacobsen@inda.org).

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