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VISION News Consumer Products e-Report

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Welcome to Volume 4, No. 1 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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VISION E-REPORT CELEBRATES FOURTH ANNIVERSARY

This issue marks the start of the fourth year of publishing the INDA Vision News Consumer Products e-Report. Every month for the past three years this newsletter has been sent to executives in the engineered fabrics and consumer products industry and, in conjunction with the annual Vision Consumer Products Conference every January, has brought together the suppliers and producers in these markets.

REGISTRATION FOR VISION 2005 CONSUMER PRODUCTS CONFERENCE NOW OPEN

The early registrations are starting to pour in for the much-anticipated Vision 2005 Consumer Products Conference, set for January 16-19, 2005, as the annual event returns to New Orleans, Louisiana. A focus on Globalization and Consumer Opportunities, along with unparalleled networking, will attract hundreds of consumer products and nonwovens industry executives to the annual Conference,

Now in its fourth year, the Vision Conference is expected to attract more than 500 participants for three days of presentations, discussions and the prestigious Visionary Awards.

Among the highlights of the Vision 2005 Consumer Products Conference:

- A "Globalization" session spearheaded by Dieter Brandes, previously an executive with Aldi, the German retailer that has "out Wal-marted Wal-mart" in its native country and is looking to expand its presence in the U.S.
- A "Lessons from the Leaders" panel discussion that will bring together the top executives from such influential suppliers as PGI, BBA Fiberweb, Freudenberg, Nordson and Tredegar Film Products to offer their perspectives on the business and to answer questions from attendees.
- Presentations from the consumer research firm A.C. Nielsen as part of a "Profitable Consumer Trends" session. That session will also include a look at household cleaning products from the Soap and Detergent Association; a "Marketing To Women" discussion; and a Consumer Trends segment that will feature an informative Consumer Focus Group moderated by The Martec Group.
- Vision attendees are in for a treat on the final morning of the Conference when INDA will host a breakfast where Peter Ricchiuti, noted Tulane University business professor, will give an entertaining and informative look at "Globalization – The Good, The Bad and The Ugly." Ricchiuti has been described as a cross between Alan Greenspan and Robin Williams.
- One of the certain highlights of the Vision 2005 Conference will be presentations from the finalists for the Visionary Award, given annually to the consumer product that exhibits the best use of a nonwoven fabric.

Following the finalist presentations, Vision Conference attendees will vote on the recipient of the 2005 Visionary Award, which will be announced on the final morning of the Conference. The 2005 finalists are:

1. Resolution Print Media, BBA Fiberweb (U.S.).
2. Oral-B Brush-Ups, Gillette (U.S.).
3. Huggies Disposable Wash Cloths, Kimberly-Clark (U.S.).
4. Automotive Oil Filter, Mann + Hummel (Germany).
5. Soft-Fit Training Pants, Tyco Healthcare Retail Group (U.S.).
6. Love 'N Sanitary Napkin/Panty Liner, WIP srl (Italy).

For more registration information, please log on to www.inda.org .

KIMBERLY-CLARK THIRD QUARTER SALES UP 6%

Kimberly-Clark last week reported that net sales of its health and hygiene brands in the third quarter of 2004 grew more than 6% to approximately \$3.9 billion. Higher sales volumes, up 3%, and a higher-value sales mix, which added 1%, were primarily responsible for the increase in third quarter sales.

The growth in earnings in the third quarter was achieved despite further price competition in diapers and training pants as well as higher maintenance and other costs related to pulp operations, which are slated to be spun off shortly (see below). The company also absorbed costs of approximately \$20 million related to previously announced changes that will further improve the efficiency of its diaper operations.

Sales grew versus the prior year in each of the company's business segments -- Personal Care, Consumer Tissue and Business-to-Business -- as well as in all major geographic regions. In addition, sales volume growth continued to track in-line with the company's long-term targeted range of 3 to 5%.

Key contributors to the quarter's sales volume gains were record sales of GoodNites youth pants, highlighting a fifth consecutive quarter of double-digit growth for the child care sector in North America; continued double-digit growth for incontinence care in North America, driven by the company's market-leading Poise and Depend brands; and an 8% improvement in Health Care volumes globally. Other areas of volume strength included Huggies diapers and baby wipes and Kleenex facial tissue in North America, K-C Professional's brands in North America and Europe, Andrex bathroom tissue in Europe, as well as operations throughout most of Latin America and in Australia.

Personal care sales in North America improved about 4% versus the prior year, on the strength of the volume gains for child and incontinence care brands, along with higher shipments of Huggies diapers and baby wipes of 4% and 7%, respectively. In total, sales volumes were up more than 5%, while net selling prices were nearly 2% lower. In Europe, sales decreased approximately 5%.

K-C REVEALS DETAILS OF NEENAH SPINOFF

Kimberly-Clark said last week that its shareholders will receive one share of Neenah Paper for every 33 shares of Kimberly Clark in the spin-off of its North American paper and Canadian pulp operations. K-C expects the deal, which will allow the maker of Huggies diapers and Kleenex tissues to focus on its high-margin products, to be completed on Nov. 30.

Neenah Paper, which is expected to have new debt of \$225 million after the spin-off, will pay Kimberly-Clark about \$215 million. The new company, which is expected to have about \$650 million in annual sales, will start trading on the New York Stock Exchange on Dec. 1 under the ticker "NP."

CONCERT CANADIAN COMPANIES FILE RESTRUCTURING PLAN

Concert Industries Ltd. recently announced that its Canadian operating subsidiaries have filed a motion to order a meeting of their creditors to consider and vote on a final plan of compromise and arrangement pursuant to the companies' Creditors Arrangement Act. The plan relates only to Concert Fabrication Ltee, Concert Airlaid Ltee and Advanced Airlaid Technologies Inc., the Canadian operating subsidiaries, and their creditors.

If approved, the Canadian operating subsidiaries' plan would entail a significant restructuring of Concert's Canadian operations. The company's European operations will be unaffected by the plan, which is part of a comprehensive reorganization of the business and affairs of Concert's Canadian operating companies and is designed to enable them to be restructured and repositioned on a long-term basis as a viable business in the development and manufacture of specialty pulp based absorbent latex, thermal and multi-bonded airlaid fabrics.

CHICOPEE EXPANDS INDUSTRIAL CLEANING LINE

Chicopee, a division of Polymer Group, Inc., has expanded its offerings for the industrial and institutional cleaning market with the introduction of new wiping products and packaging. Chicopee - which also produces dusting brands, Masslinn and Stretch N' Dust - has introduced DuraWipe Xtra wipes, a wiping

product line “that offers superior performance for tough cleaning.” The new wipes feature textured cleaning surfaces, added bulkiness, wet and dry strength, enhanced absorption, and compatibility with cleaning solvents and oil.

The company also is offering products in its DuraWipe and general purpose Chux cleaning lines in a variety of popular put-ups, such as pop-up boxes, for easy dispensing and added convenience for janitorial cleaning. The new products and packaging debuted at the recent International Sanitary Supply Association (ISSA) show in New Orleans.

"These new products and packaging options demonstrate our renewed focus on the industrial and institutional cleaning segment," said PGI's CEO, James Schaeffer.

PGI has named Scott Tracey as VP-sales and marketing for the Chicopee division, and Larry Archer as group marketing director. The company also relocated its branded products headquarters from Dayton, New Jersey, to Mooresville, North Carolina.

PGI's new DuraWipe Xtra products are made using hydroentangling manufacturing processes with wood pulp and polyester. Available in blue or white with textures, they come packaged in pop-up boxes or polybags.

TUFCO RECEIVES EXCELLENCE AWARD

Tufco Technologies has been recognized by the Advance Business Center, the economic development arm of the Green Bay Area Chamber of Commerce, as a winner of the 2004 Excellence in Business Award. Tufco was recognized at the Chamber's 122nd Annual Meeting.

BUCKEYE NUMBERS REBOUND

[From The Commercial Appeal] When Memphis-based Buckeye Technologies posted a meager \$1.4 million profit in the quarter ended in June, it was the company's best financial performance in three years. A number of factors seemed to have been conspiring against the manufacturer of specialty cellulose products, including the sputtering economy, a strong U.S. dollar and smaller-than-expected returns on new technologies.

But lately Buckeye seems to be experiencing a reversal of fortune. After-tax earnings were \$4.4 million last quarter; not exactly stellar but firmly in the black. "Our business is improving and getting better," executive vice president and chief financial officer Kris Matula said.

A spin-off of Cincinnati-based Procter & Gamble, Buckeye makes value-added cellulose-based specialty products.

Circumstances have been favorable to Buckeye recently. "I don't know if you can put a date on it. It's just a combination of things have come together to make our results better and give us a lot of optimism for the future," said chairman and CEO David Ferraro.

As the U.S. dollar has weakened, Buckeye's products have become more competitive abroad and the company has been able to raise prices. Buckeye also benefited from the 2003 closing of International Paper's Natchez plant, which made dissolving pulp used in chemical cellulose products. The plant's closure tightened supply of chemical cellulose by nearly 20 percent.

Buckeye is now producing more chemical cellulose, which goes into products such as tire cord and food casings, and less of the lower-end fluff pulp.

Buckeye's nonwoven business was given a boost by the popularity of wet wipe products, which use airwoven technology, and by the bankruptcy filing of its major competitor in the North American market, Concert Industries.

"Over the last six to 12 months there's been a fairly big increase in demand for materials used in wipes, so the combination of the bankruptcy of Concert, the growth in wipes and the strengthening of the economy -- all of those facts have helped us continue to improve our performance in the nonwoven business," Matula said.

Buckeye recently announced it would raise the price of its nonwoven materials by 5%.

P&G EXPANDS DIAPER PRODUCTION IN ARGENTINA

Procter & Gamble is investing significantly in expanding the capacity of its Pampers disposable diapers plant at San Luis, Argentina to 700 million units per year. Diapers are the major business of P&G in Argentina, followed by soaps and detergents, and hair products. The company exports 10% of its diapers production to Uruguay and Paraguay.

The Argentinean disposable diapers market is estimated at Pesos\$497.1mil (2003) and exports were US\$30mil. Paz Soldan, general manager P&G, says the company businesses are emerging strongly from the economic crisis, with sales up 30% in the fiscal period ending June 2004 to Pesos\$550mil, 40% up from 2002. Prospects are the July - June 2005 period to end with sales of Pesos\$600mil.

P&G STILL TARGET OF ANTI-GAY BOYCOTT

[From Associated Press] Two powerful conservative groups hope to extend indefinitely an election-related boycott of Procter & Gamble., contending that the consumer products giant is too supportive of gay rights and urging customers to stop buying Crest, Tide and Pampers.

Procter & Gamble, while proud of its reputation for recruiting and supporting a diverse work force, says boycott organizers have deliberately distorted the company's positions by suggesting incorrectly that P&G has endorsed same-sex marriage.

According to the Mississippi-based American Family Association, more than 287,000 people have signed onto the boycott since the AFA and the Christian ministry Focus on the Family announced the campaign in mid-September. They asked supporters to stop buying P&G's top-selling brands of toothpaste, detergent and disposable diapers.

The boycott was sparked by P&G's support of a campaign in its home city of Cincinnati for a ballot measure to repeal Article 12, a 1993 city charter amendment prohibiting gay-rights laws. A P&G executive has taken leave to run the repeal campaign, and the company – according to spokesman Doug Shelton – donated \$40,000 to the effort.

"Companies with a large consumer base should be in the business of offering quality products," said Randy Sharp, the AFA's director of special projects. "When they become politically involved in an agenda opposed by a majority of the American people, they're alienating their consumers."

A boycott Web site run by the AFA asserts that Procter & Gamble "supports homosexual marriage." However, Shelton said the company has never made such an endorsement, nor has it taken any position on a statewide ballot measure in Ohio that would ban same-sex measure.

The boycott organizers have compiled a list of P&G policies and actions which they denounce – including such relatively common corporate practices as offering domestic partnership benefits.

DISPOSABLE PILLOWCASES A GROWING MARKET IN THAI HOTELS

[From Knight-Ridder/Tribune Business News] Disposable diapers, eating utensils and gloves have been around for years. But is the world ready for throw-away pillowcases? Richard Genming Lu, managing director of Integra Pacific Technologies, believes that his product's time has come.

While those soft white pillows in hospitals or hotels may look clean, they could be harboring a shocking array of disease pathogens left there by previous users.

"The pillow case covers the pillow, which in turn could be contaminated with dirt, stains and unpleasant smells. The pillowcase is clean but the pillow inside it is not," he said.

Integra Pacific, an importer of health-care products, recently began importing hygienic and disposable pillowcases under the Prefer brand, produced in Singapore. The product is widely used by major private and government hospitals in the city state.

Conventional pillowcases used by hospitals and hotels, which are generally made of cotton for comfort and durability, are repeatedly rewashed and reused. In the course of their lengthy lifespan, conventional pillowcases might result in some germs penetrating the pillowcase and finding shelter within the pillow itself, which is almost never washed.

This leaves the next user of the pillow at risk of contracting an illness, even though the pillowcase may be changed daily.

For better hygiene, the company's disposable pillowcase has three layers -- two of very soft plastic sheeting and one of cloth-like tissue paper, which make it feel soft and comfortable to the touch.

With its products now being tested at some private hospitals, the company expects that its pillowcases will be in use at all hospitals within the next two years and at all hotels in three years.

The company also hopes to penetrate the spa and massage market in the future, once it starts producing a greater variety of sizes. Currently, the firm makes pillowcases to match one standard size. However, it will accept tailored sizes for any order of at least 10,000 pieces, he said.

For the retail market, the pillowcases could be used as an alternative for home use or for travel. The company is in talks with retailers to put its pillowcases on store shelves.

Integra Pacific plans to set up a factory in Thailand by the end of 2005. A machine with a production capacity of 200,000 pieces per day costs about 40 million baht, he said.

PATENT REVIEW

Production method of absorbent body

U.S. Patent Number 6811642

Issue Date: 2004 11 02

Assignee: Unicharm Petcare Corporation

Inventor: Ochi, Kengo

Abstract A production method of an absorbent body is provided. The method includes the steps of: supplying a first cover sheet on an outer surface of a rotating pattern drum, said pattern drum being provided with a concavity formed in a predetermined shape on the outer surface thereof; adapting the first cover sheet to the shape of the concavity and supplying an absorbent material into the concavity to form an absorbent material layer adapted to the shape of the concavity on the first cover sheet; supplying a second cover sheet toward the outer surface of the pattern drum; and separating the first cover sheet together with the absorbent material layer from the outer surface of the pattern drum and superposing the first cover sheet together with the absorbent material layer on the second cover sheet to produce an absorbent body comprised of the first cover sheet, the second cover sheet and the absorbent material layer interposed between the first cover sheet and the second cover sheet. An absorbent body produced by this method has improved absorption properties and can be used for disposable diapers, pet sheets, sanitary napkins, and the like.

Tampon, In Particular For Feminine Hygiene

Pub. Number WO 2004089264

Appl. Data EP 04003871 2004 04 13

Applicant: Johnson & Johnson GmbH

Inventor: Kramer, Robert

Abstract The tampon according to the invention comprises a tampon body and a withdrawal tape fastened on the tampon body. The withdrawal tape is configured such that its effective length can be changed preferably before use, but also during use. In particular, the withdrawal tape is formed with at least one loop or a fold which reduces the effective length of the withdrawal tape and can be released in order to increase the effective length of the withdrawal tape. Effective length refers to the extent of the withdrawal tape, measured from the rear end of the tampon body, which is available for the user to grip.

That's ALL FOR THIS MONTH

The next issue of the Vision Consumer Products e-Report from INDA will be sent December 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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