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VISION News Consumer Products e-Report

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Welcome to Volume 6, No. 1 of the VISION News Consumer Products e-Report.

The VISION News Consumer Products e-Report is written and distributed every other month 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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INDA NEWS

VISION 2007 DRAWS ALMOST 300 ATTENDEES; TYCO SWIM PANTS RECEIVE VISIONARY AWARD

A highly competitive Visionary Awards competition, four days of presentations by well-known business speakers and industry networking opportunities highlighted the successful VISION 2007 Consumer Products Conference, held January 21-24 in Denver.

INDA, organizer of the annual event that has brought together companies from both the consumer products and engineered fabrics industries for the past six years, reports that almost 300 attendees from around the world converged on the Mile High City for the event.

“VISION 2007 was once again the best place for executives from the nonwovens and consumer products industry to get together for a few days of learning, networking and meeting,” said INDA president Rory Holmes. “The quality of the speakers and attendees will make VISION 2007 one of the best industry events of the year.”

The highlight of the Conference was the selection of Tyco Healthcare Retail Group’s Swim Pants as the recipient of the 2007 Visionary Award. VISION 2007 attendees heard presentations from all of the finalists and selected the Swim Pants over five other nominated products – Cotton Feminine Hygiene Products, Corman Italy; Cool2Go Insulating Wrap, DuPont; Johnson’s Baby Extracare Wipes, Johnson & Johnson Europe; Petsleeves Petwear, Petsleeves; and Pampers Cruisers, Procter & Gamble.

“The voting for the recipient of the 2007 Visionary Award was by far the closest in the six-year history of the award, an indication of the quality of the six nominated finalists,” said Michael Jacobsen, Visionary Award project coordinator. “The Tyco Swim Pants were selected over five other extremely deserving and successful consumer products from some of the biggest names in the business.”

Jacobsen pointed out that this year was the first time two European products – Corman’s Cotton Feminine Hygiene Products and Johnson & Johnson Europe’s Baby Extracare Wipes – were nominated as finalists. “This is an example of the global reach of our industry and, of course, of the VISION Consumer Products Conference,” he said.

VISION PRESENTATIONS FOCUS ON CHANGE, GLOBAL OPPORTUNITIES

There were a number of highlights among the well-received presentations by an impressive line-up of speakers:

- ✓ In a unique three-part Opening Day presentation, John Brandt, of the MPI Group, led attendees in a discussion titled, “It’s All About the Consumer.” The importance of learning about and then focusing efforts on the targeted consumer can not be overstated, Brandt says, and it is vital for suppliers to the consumer products to know what the ultimate consumer is demanding in her products.
- ✓ Applying modern consumer products marketing techniques to the political process is the future of the elections in this country, according to Dave Mills, a political consultant and deputy director of the Kaine for Governor Committee.
- ✓ Ken Schmidt, former director of communications for Harley-Davidson, made some noise with an entertaining presentation on how Harley-Davidson rose from the depths to become one of America’s iconic brands.
- ✓ Three well-respected speakers – Bob Dennett, Chemical Market Associates, “Polypropylene: Global Economic Forecast;” Valkunth Gupta, Panum Corp., “Hot Spot: India;” and Edwin Nichols, Nichols & Associates, “Thriving in the Global Marketplace,” focused on understanding and taking advantage of the worldwide opportunities in the nonwovens and consumer products industries.
- ✓ The final morning session was led by “Internet icon” Ze Frank, who helped attendees understand and cope with their “Innovation and Acceleration Anxiety” in today’s fast-moving technical environment.
- ✓ Two evening receptions featured tabletop displays from more than two dozen industry suppliers and provided a backdrop for unparalleled networking opportunities for Vision attendees.

The date and location of the VISION 2008 Consumer Products Conference will be announced soon. For more information: www.inda.org

THREE MAJOR BRANDS TO VIE FOR IDEA07 END PRODUCT ACHIEVEMENT AWARD

Following the completion of the VISION 2007 Consumer Products Conference last month, the industry's attention now shifts to the IDEA07 International Engineered Fabrics Conference and Expo, April 24-26 in Miami Beach, Florida.

Starting up the push towards the triennial event is the announcement this week of the 15 finalists for the IDEA07 Achievement Awards, which recognize the leading new products in five categories – Short-Life End Product, Long-Life End Product, Roll Goods, Raw Materials, and Machinery/Equipment – in the global engineered fabrics industry that have been introduced since IDEA04.

The IDEA07 Achievement Awards are co-sponsored by INDA and Nonwovens Industry magazine. The finalists were selected from hundreds of submissions in five categories and the winners will be announced during IDEA07.

“These IDEA Achievement Awards promote innovation and recognize outstanding achievement within the worldwide engineered fabrics community and it is fitting that they will be presented during IDEA07, the most important industry trade show of the year,” says Rory Holmes, President of INDA, the organizer of the triennial IDEA Conference and Exposition.

The industry will select the recipients in each category through online voting beginning February 1 at both www.nonwovens-industry.com and www.inda.org. Voting will remain open through March 10.

In the Short-Life End Product category, three major brands are vying for the IDEA07 Achievement Award:

Huggies Pull-ups with Cool Alert, Kimberly-Clark

Pull-Ups Training Pants with Cool Alert have a special Coolness Zone inside of the pant that provides a brief cooling effect within seconds of becoming wet to help toddlers learn the difference between wet or dry.

Swiffer Deep Ridges, Procter & Gamble

Swiffer Deep Ridges are a collaborative development effort between P&G and PGI. The spunlace structure achieves a three-dimensional depth and clarity of pattern design while also preserving the strength and openness of the structure at a low basis weight.

Love'N Sanitary Napkin/Panty Liner, Baby/Feminine Care Wipes, WIP srl (Wellness Innovation Project)

The construction of the natural feminine hygiene products under the LOVE'N brand name, along with the Naturaè Baby and feminine care wipes, utilizes a mix of eco-friendly and technologically advanced materials, including PLA fiber from Far Eastern Textile (INGEO); Lysac natural superabsorbent (Lysorb) and biodegradable film from Novamont (Mater-Bi).

For a list of the finalists in the four other categories to be selected by online voting, please visit www.nonwovens-industry.com or www.inda.org.

INDUSTRY NEWS

Highlights of important news items of the past month from the world of nonwovens and consumer products

KIMBERLY-CLARK: RECORD SALES FOR FOURTH QUARTER

Kimberly-Clark recently reported that net sales in the fourth quarter of 2006 rose 7.4% to \$4.3 billion, a record for the quarter. Profit was \$611 million for the quarter, compared with \$572 million in 2005.

For the full year, K-C reported sales of \$16.7 billion, up more than 5% from \$15.9 billion in the prior year. The company cited strong performances in health care and personal care business segments, with gains of 11% and 9%, respectively.

The increase in fourth quarter sales was driven by growth of more than 3%, along with higher net selling prices, each approximately 1% better than the prior year. Stronger foreign currencies benefited sales by more than 2%.

Sales of personal care products climbed 9% in the fourth quarter, driven primarily by sales volume growth of 8%. Personal care sales in North America increased about 5%. Among the brand highlights:

- ✓ Sales volumes for Huggies baby wipes were up double-digits and Huggies diapers grew at a high single-digit rate.
- ✓ Pull-Ups training pants and Depend and Poise incontinence care products also experienced good volume gains. Kotex feminine care sales volumes, however, were below the year-ago level.
- ✓ In Europe, personal care sales increased more than 11%, due primarily to currency benefits of about 8% and a 4% increase in sales volumes. Net selling

prices were down somewhat compared with the prior year. Diaper volumes in the region were up 8%, on the strength of a 10% improvement in sales volumes of Huggies diapers in the company's four core European markets.

P&G IS BULLISH ON 2007

Following a 12% jump in profit in the second quarter – the company posted net income of \$2.8 billion in the three months ended Dec. 31 versus \$2.5 billion in the prior-year period – Procter & Gamble recently raised its outlook for the year. Revenue grew 8% to \$19.7 billion from \$18.3 billion in the year-ago quarter. Organic sales increased 5%, after P&G forecast an increase of 4% to 7%.

Total sales for the year are expected to grow by 10% to 12%, up from previous guidance for full-year sales growth of 9% to 11%. The guidance implies sales of \$75 billion to \$76.4 billion.

The company said the strong quarter and progress in its integration of Gillette were cause for the optimism. The company also reported an 11% sales increase in its fabric care and home care segments, behind such products as Tide Simple Pleasures and the Swiffer duster line.

In its baby care and family care sectors, P&G's net sales increased 5% to \$3.1 billion during the quarter. Volume grew 2% behind mid-single digit growth in baby care.

Pampers' results were solid in North America due to continued growth of Baby Stages of Development and the Caterpillar stretch initiative on Pampers Baby Dry. This growth was partially offset by weaker results on Pampers in Western Europe and Luvs in North America caused by low pricing of both branded and private label competitors.

TYCO HEALTHCARE TO BE CALLED COVIDIEN

Tyco Healthcare recently announced that Covidien will be its new name once it separates from parent company Tyco International this spring and becomes an independent, publicly traded company.

"Covidien is an expression of our role as a leader in the healthcare industry and marks the start of an exciting new chapter for us," said Richard Meelia, president and CEO, Tyco Healthcare. "The name reflects our corporate goal to build and strengthen our role as an integral healthcare partner, supporting the lifesaving work of medical professionals."

The Covidien brand will be the master identifier that unites Tyco Healthcare's many well-known and highly respected brand names, including Autosuture, Kendall, Mallinckrodt, Nellcor, Puritan Bennett, Snyeture, and Valleylab.

As Covidien, the newly independent company will embark on a distinct new direction that focuses exclusively on healthcare and benefits from increased flexibility to invest in innovation and organic growth. Covidien is an original name, inspired by themes of collaboration and life. It was selected for its global meaning and appeal from among some 6,000 possible names in a rigorous process that began more than nine months ago.

KORBER SELLS DIATEC TO COMPANY MANAGERS

[From *Nonwovens Markets*] German converting equipment manufacturer Korber PaperLink Group sold its Diatec nonwovens converting machinery business last month to Diatec's two top managers — Luigi Mancini, Diatec's new CEO and its former managing director and chief engineer, and Letterio Villari, the company's new CFO and administrative head and former CFO.

Pescara, Italy-based Diatec manufactures feminine hygiene, diaper and underpad converting lines for the international market. Diatec's sales last year were about euro 5 million. The new owners will keep all of Diatec's 24 employees.

Hamburg, Germany-based Korber owns a stable of machinery companies, including E.C.H. Will, SHM, Kugler-Womako, Pemco, Wrapmatic, Winkler+Dunnebier, Casmatic, Fabio Perini, GB Engineering - that produce converting equipment for the paper, tissue and absorbent hygiene industries.

The Group's Winkler+Dunnebier business manufactures machines and components to produce sanitary napkins and light adult incontinence products, including cutting and embossing stations and stand-alone units which form cores, fold and ultrasonically weld. In 2005, W+D reported net income of euro 5 million on sales of euro 101 million. Sales last year were expected to be on par with 2005's numbers.

CHICOPEE ANNOUNCES 6% PRICE INCREASE

PGI'S Chicopee division recently announced it will be passing along a price increase of 6% for all wiper products, effective this month. The price changes are being implemented to offset the impact of significant increases in the cost of viscose, Chicopee's primary wiper raw material. During 2006, market prices for viscose increased more than 20%.

"Chicopee is committed to ensuring that we have the best value proposition in our markets," said Scott Tracey, VP-sales and marketing for PGI's Chicopee division. "The significant increase in the cost of viscose, and the resulting increase in the cost of our base roll good materials, requires us to take steps to partially mitigate the impact to our business. These steps will allow us to continue to offer the quality and innovative products our customers have come to expect from Chicopee."

CHINESE COMPANY LAUNCHES COTTON NONWOVEN

[From *Nonwovens Industry*] Shenzhen, China-based Winner Medical Group has begun production of PurCotton, a new cotton nonwoven material, and expected to ship the first order by the end of last month. The first order – jumbo rolls of raw PurCotton material – was received from a leading Japanese OEM and long-term Winner Medical customer, that uses the rolls of PurCotton to produce hygiene products such as wipes, wet tissue and alcohol swabs, which it will sell under its own brand name.

PurCotton is a nonwoven fabric made of 100% natural cotton that is non-allergenic and fully biodegradable. The cotton used in its production – the low-sucrose, fiber-rich composition cotton – is grown primarily in the Hubei Province of China where the Winner Medical PurCotton facility is located and is especially well-suited for the manufacture of nonwoven spunlace material.

ACQUISITIONS CHANGE FACE OF AI BUSINESS

[From *Nonwovens Industry*] In the first of two recent acquisitions in the adult incontinence market, Whitestone, Bloomington, IN, purchased East Brunswick-based AI product manufacturer Humanicare International. Terms of the transaction were not disclosed.

The combined company will provide adult incontinence products and services and will distribute several incontinence care brands, including Dignity, Compose, Ultrashield and Disposeze.

Jamie Better, currently president and CEO of Whitestone, will retain his titles in the combined entity. Tony Gegelys, Humanicare's founder and CEO and a former Whitestone sales executive, will become a director of Whitestone.

In a second recent acquisition in this sector, a newly formed affiliate of KPS Capital Partners, Attends Healthcare, acquired PaperPak Products from Attends Healthcare Investments. Financial terms of the transaction were not disclosed.

PaperPak is a manufacturer and distributor of a line of adult incontinence products for the North American market that are sold primarily under the Attends brand name. PaperPak primarily serves the non-retail sectors with a focus on the acute care, long-term care and home healthcare sectors. Headquartered in Greenville, NC, PaperPak operates two manufacturing facilities located in North Carolina and California. Michael Fagan will continue to serve as CEO under KPS' ownership.

WAL-MART HOSTING BABY WELLNESS SEMINARS

When Wal-Mart speaks, everyone in retail and manufacturing listens, so it is interesting that the retail giant has partnered with Abbott's Ross Products Division and a couple of disposable diaper heavyweights to host the "All Things Baby" event and "Baby Solutions

1-2-3" seminars, a series of educational opportunities at select Wal-Mart stores throughout the country for expectant and new moms and caregivers. Among the sponsors are Kimberly-Clark and Procter & Gamble.

At the "All Things Baby" event, parents will find resources they need to help raise a strong and healthy baby and can pick up a complimentary baby resource guide. "Baby Solutions 1-2-3" seminars will feature a local family-care expert to discuss topics such as feeding and nutrition, child safety, and play and sleep time. Attendees of the seminar will receive a free gift bag with sponsor samples (while supplies last).

The "All Things Baby" event will take place January 28 through February 6. "Baby Solutions 1-2-3" seminars will launch this spring in select Wal-Mart stores.

The "Baby Solutions 1-2-3" seminars are sponsored by Similac Advance and PediaSure NutriPals. The "All Things Baby" event is supported by Similac Advance, PediaSure NutriPals, Huggies Gentle Care Diapers and Huggies Natural Fit Diapers, Johnson's Baby, Gerber Graduates Puffs and Gerber Grins & Giggles Lotion, Safety 1st Warm Me Shower & Bath, The First Years Soothie Pacifiers & Bottles, Pampers Baby Dry Diapers, and Disney.

DIAPERS ARE ON LIST FOR FEMA FUNDING

The largest of the four public assistance grants, \$18,399,744 to the Mississippi Emergency Management Agency (MEMA), pays for some of the help Mississippi received from Florida in the immediate aftermath of Hurricane Katrina. The Mississippi Emergency Management Agency requested and received emergency management personnel, equipment and materials from other states in order to save lives, protect public health and safety and prevent further damage to improved public and private property.

This \$18 million grant along with \$15 million previously granted represents funding for the labor, equipment and material expenses for 18 mission assignments to Florida which provided over \$15 million for water, over \$13 million for ice and over \$1 million in baby supplies (formula, food and diapers) along with the costs associated with transporting and storing these items.

MEDLINE MOVES TO NEW FACILITY

[From the *Press-Enterprise*, Riverside, CA] Inside Medline Industries' 405,000-square-foot warehouse in San Bernardino, workers on forklifts usher around boxes containing medical supplies ranging from rubber gloves to adult briefs.

The Mundelein, Ill.-based medical supplies company recently moved its distribution warehouse and 72 employees to about 17 acres on the grounds of the former Norton Air Force base from a warehouse in Fontana about half the size of its new one. The company

was drawn to the location because of a special designation the site has in association with the San Bernardino International Airport.

Medline is a part of a Foreign Trade Zone, a 172-acre area around the airport that allows companies importing goods to store merchandise and defer tax and import duty payments until the goods enter the U.S. market.

To help process the Medline's import operations, the San Bernardino airport hired a customs agent to be stationed at the airport full time.



That's all for this month. Feel free to contact editor Michael Jacobsen at 201-612-6601 or email at mjacobsen@inda.org.

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