

Press release

executive board

Royal Ten Cate shows a 12% increase in profit over 2000

In spite of the higher costs of raw materials and a disappointing market demand for technical components, the net profit of Royal Ten Cate (technical textiles and technical components) increased by 12% to €24.2 million for the year 2000. Earnings per share increased by 8.8% to €5.20. It is proposed to raise the dividend to NLG 4.60 (€2.087) (1999: NLG 4.20/€1.906) per ordinary share of NLG 20.00. Ten Cate does not want to make any statements on the expectations for 2001 at this stage, but holds on to its medium-term profit objective of 10% annual growth.

Turnover for 2000 amounted to €620 million, an increase of 12 % compared to turnover in 1999, adjusted for the de-consolidated polystyrene activity (Synbra Group). Autonomous growth amounted to 3% and growth through acquisitions amounted to 4%, while currency fluctuations affected turnover by 5%.

The year 2000 was characterized by high costs of raw materials (€13 million more than in 1999). The result for the second half of the year was determined, on the one hand, by the high costs of raw materials and the higher dollar and, on the other hand, by the disappointing market demand for technical components, especially at Ten Cate Plasticum and Ten Cate Enbi. In view of this, the 4% increase in profit in the second half of 2000 compared to the second half of 1999 is satisfactory.

The operating results amounted to €32.6 million, a slight increase compared to 1999, adjusted for the de-consolidated polystyrene activity.

Tax expense decreased to 15% as a result of existing loss carryforwards in the Netherlands and a lower tax burden in the USA.

Activities

The Technical Textiles sector saw a 13.7% increase in turnover and its operating results improved by 17.5% to €28.8 million. Most of the textile companies contributed to these improvements but Thiolon[®] Grass, whose artificial grass activities are booming, did so in particular. The recent acquisition of Polyloom in the USA should be looked at in that light, as a strengthening of its strategic position.

Ten Cate Industrial Fabrics USA also contributed considerably to the result.

Turnover in the Technical Components sector (Ten Cate Plasticum, Ten Cate Enbi and Bosta) increased by 16.4%. Adjusted for the successful takeover of illbruck Office Products, growth amounted to only 1%. The operating results decreased by 57% from € 10.1 to €4.4 million.

The high costs of raw materials and the decrease in orders continued to cause narrow margins and price pressure. Ten Cate Plasticum suffered a loss on its aerosol caps activities. Further cost reduction measures have been taken. The lids and closures sections continue to do well.

Contrary to expectations, Ten Cate Enbi was confronted with a decreasing demand for components for printers and copiers. The acquisition of illbruck Office Products (technical rollers) meant an improvement of its market position. By transferring the production to factories in Hungary and Mexico the conditions for achieving a lower cost level in the years to come have been set up.

The result achieved by Ten Cate's 50%-interest in Synbra was the same as in 1999.

Finance

Royal Ten Cate's balance sheet is sound, showing a 37.1% equity ratio.

The investment level amounted to €29.5 million at a depreciation level of €25.2 million. Strategic investments were made at Thiolon[®] Grass, Ten Cate Industrial Fabrics USA and at the start of production at Ten Cate Enbi in Hungary and Mexico.

Strategic policy

Royal Ten Cate continues to pursue its current strategy, in which product diversification, cost leadership and synergistic acquisitions are anchor-holds. Ten Cate will focus its attention more on technical textiles with leading market positions.

Prospects

The macroeconomic prospects are uncertain. Ten Cate expects continuous growth of its Technical Textiles sector under constant market conditions. Downsizing will take place in the aerosol caps activities. By transferring the production activities within Ten Cate Enbi to Hungary and Mexico a lower cost level can be achieved in the years to come.

Based on the uncertain economic developments in our international markets, it is at present not possible to make any statements on the prospects for the year 2001. Ten Cate's medium-term profit objective of 10% annual growth remains unimpaired.

Almelo, 21 February 2001

For further information please contact:

Mr J. Lock MSc
+ 31 653 29 01 87
+ 31 546 54 43 19
www.tencate.com