

Press release

investor relations

Closure of Dutch Ten Cate Enbi production site following continuing fall in demand in printer and copier markets

Technical Components Sector

The economic downturn, which had already led to very much lower spending by businesses and consumers in our sector, has become more noticeable in the wake of the attacks in the United States and the international developments that have taken place since then. The consequence of this is a dramatic under-utilisation in the operations of Ten Cate Enbi, especially in Nuth. Production at this Royal Ten Cate site will consequently cease in the near future. The production sites in Switzerland, the UK and Rochester (US) have been shut down in recent months.

In 2000 a start was made on transferring production to Mexico and Hungary with a view to reducing production costs. As a result of recent market trends, in particular the loss of a major customer, the remaining production at the Ten Cate Enbi site in Nuth unfortunately cannot be made profitable. The first steps will therefore be taken to close this site completely. Solutions for the other operations will be sought within six months.

The Ten Cate Enbi strategy is aimed at the most efficient possible production of (paper) conveyor and technical rollers. The spread to technical rollers and other areas of application began in 2000. The company is also currently producing conveyor systems for mail sorting machines and cash dispensers for example. Following this reorganisation Ten Cate Enbi will again be in a position to manufacture at a competitive cost level worldwide (Germany, Hungary, France, United States, Mexico and Singapore).

Technical Textiles Sector

The fall in the result of the Technical Textiles sector continued slightly, so the expected recovery failed to materialise. This is due in particular to the economic situation in America continuing to be less favourable. This is evident above all in the decline in profit in synthetic fibres for the agricultural sector and outdoor applications in consumer markets.

As has already been announced, most niches in this sector have shown themselves to be recession-resistant. The artificial grass activities in particular are showing excellent growth.

The fall in the operating result in Technical Textiles in 2001 will be limited to approx. 25-30%.

Exceptional items

With a view to the phasing out of production at Ten Cate Enbi in the Netherlands, Switzerland, the UK and the US, a total provision of approx. €22 million will be made in 2001. At the time of the announcement of the half-year figures it was assumed that the reorganisations, which were estimated at €10 million at the time, could be offset by the sale of non-strategic assets. With the additional closure of the site in Nuth and other measures to be taken in 2002 the balance of exceptional items for 2001 is now expected to amount to €12 million negative. These measures and the associated provision are expected to create a realistic basis for the future profitable production at Ten Cate Enbi.

2001 profit forecast and outlook

The result from ordinary business operations is expected to fall to approx. €6 million, while extraordinary charges will on balance amount to approx. €12 million. On balance the result will be a loss of approx. €6 million.

The measures already taken and yet to be taken in the course of 2002, the financial burden of which is being booked to the debit of 2001, are expected to result in a substantial improvement in profitability. Royal Ten Cate has interesting future prospects, which lie in particular in growth markets within the Technical Textiles sector. The measures already taken and yet to be taken in the Technical Components sector are not only intended to bring about an improvement in results in the short term, but also to give shape to the gradual focus on Technical Textiles.

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